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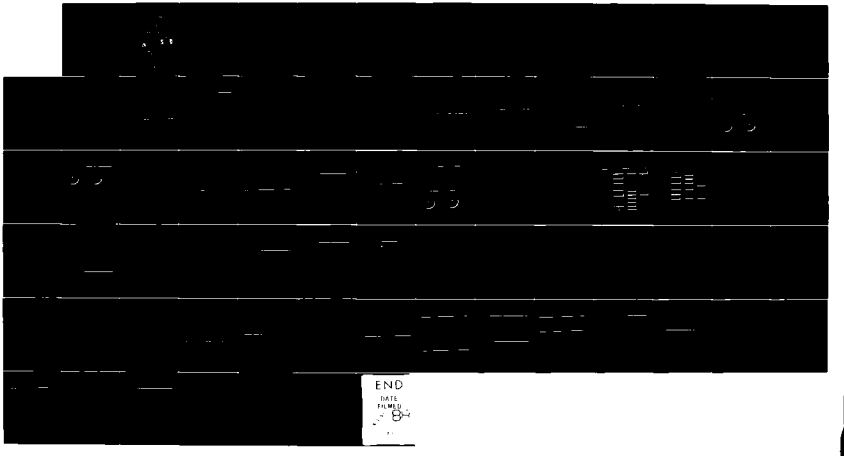

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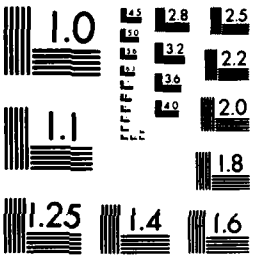

GAO

Report to the Chairman, Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

December 1987

SOCIAL SECURITY

Little Success Achieved in Rehabilitating Disabled Beneficiaries

GAO/HRD-88-11

GAO

United States
General Accounting Office
Washington, D.C. 20548

Human Resources Division

B-224648

December 7, 1987

The Honorable Andrew Jacobs, Jr.
Chairman, Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Dear Mr. Chairman:

This report presents the results of our review of the rehabilitation of disabled social security beneficiaries. Our review, done between December 1985 and September 1986, covered the Social Security Administration and the activities of disability agencies and vocational rehabilitation agencies in selected states. The report proposes that the Congress consider directing the Social Security Administration to carry out a demonstration project to test whether a sliding disability benefit scale increases the number of beneficiaries who return to work.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its date of publication. At that time, we will send copies of the report to interested congressional committees, the Secretary of Health and Human Services, the Office of Management and Budget, the Commissioner of Social Security, and other interested parties and will make copies available to others upon request.

Sincerely yours,

Richard L. Fogel
Assistant Comptroller General

Executive Summary

Purpose

Since the beginning of the Social Security Disability Insurance Program in 1954, the Congress has expressed its desire to have as many beneficiaries as possible rehabilitated to productive employment. Historically, however, relatively few beneficiaries have been placed in competitive jobs and removed from the benefit rolls.

The Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, asked GAO to review the relationship between the disability program and vocational rehabilitation programs. He sought to learn how the current disability program might be changed to rehabilitate larger numbers of disability applicants.

GAO designed its review primarily to explore

- why vocational rehabilitation programs have rehabilitated few disability beneficiaries,
- whether differing state policies on referral of persons to vocational rehabilitation agencies affect the number of beneficiaries removed from the disability rolls, and
- what changes vocational rehabilitation professionals believe are needed to increase the number of disability beneficiaries who resume work at some level.

Background

State agencies operate vocational rehabilitation programs under guidelines set by the Rehabilitation Services Administration, under the U.S. Department of Education, which administers the principal federal funding for this purpose. A large majority of persons served are disabled or handicapped people who do not receive social security disability benefits. Beginning in 1965, the Congress authorized the Social Security Administration (SSA), under the Department of Health and Human Services (HHS), to provide supplemental funding to state vocational rehabilitation agencies for services to individuals who do receive disability benefits under social security. In 1981, concerned that few reported rehabilitations were leading to removal from the disability benefit rolls, the Congress changed the method of providing the funding.

This caused a sharp reduction in the amount of SSA funds going to rehabilitation agencies. The state agencies continued to serve SSA beneficiaries, but in substantially fewer numbers than before the funding change.

GAO reviewed the rehabilitation experience of SSA beneficiaries in 10 states to better understand the problems and prospects of returning disabled beneficiaries to the work force. Although the 10 states may not be statistically representative of the national SSA population, they accounted for nearly 40 percent of disability decisions made nationally in 1985. GAO based its review on persons awarded disability benefits in 1983, to see how many participated in rehabilitation programs and how many were subsequently removed from the SSA rolls. In addition, GAO solicited the views of rehabilitation counselors regarding the problems of rehabilitating SSA beneficiaries and possible changes that could increase the number who attempt to work again.

Results in Brief

Only a small minority of disability beneficiaries—not more than 10-15 percent—are realistic prospects for rehabilitation and return to the work force. Generally, the SSA disability population is older and more severely disabled than other individuals with whom the rehabilitation agencies work. Although about 12 percent of the disability beneficiaries in GAO's study population were evaluated for rehabilitation services, only 1 percent of the population left the rolls because of renewed work activity. Of these, more than two-thirds resumed work without services from a rehabilitation agency. Rehabilitation counselors believe the failure to rehabilitate more SSA beneficiaries often is related to the economic disincentives involved. For many beneficiaries, working is not an attractive alternative to retaining their disability benefits and Medicare coverage, counselors say.

Further, many beneficiaries, even if rehabilitated, lack the earning potential to make working an attractive alternative to disability benefits, GAO found. The number of beneficiaries who return to work possibly could be increased by making changes in the benefit payment structure.

GAO's Analysis

State Referrals Result in Little Success

State disability determination services, which decide for SSA whether applicants for disability benefits meet the disability criteria, refer selected applicants to state rehabilitation agencies. Of the approved

applicants thus referred in July and August 1985 by the 10 state disability services GAO reviewed, only about 10 percent signed an application to be evaluated. As to the rest,

- 27 percent were already known to the rehabilitation agencies,
- 35 percent were not considered feasible prospects by the agencies, and
- 26 percent did not respond to the agency contact or did not wish to receive services. Of the beneficiaries evaluated for services by rehabilitation agencies, about half either did not choose to accept services or dropped out after starting a program. Another group completed programs but did not work or did not work at a level that would lead to their removal from the benefit rolls.

Among the 10 states, the percentage of disability claimants referred to rehabilitation agencies varied widely, as did their success in getting referred persons enrolled in rehabilitation programs. But there was little variation among the states in the percentage of beneficiaries who left the benefit rolls after receiving services from a vocational rehabilitation agency. Overall, only about 3 in 1,000 did so.

Losing Benefits a Major Detriment to Rehabilitation

Fears of losing disability cash benefits and Medicare coverage were reasons many beneficiaries chose not to participate in rehabilitation programs, rehabilitation counselors told us. On average, social security disability referrals were older, more severely disabled, and less motivated than other persons referred to rehabilitation agencies, the counselors said. However, they believed that some of the beneficiaries referred had reasonably good rehabilitation potential. Over 90 percent of the counselors said that more beneficiaries would try to work if their Medicare coverage were continued and their cash benefits based on a sliding scale related to earned income. In 1980, the Congress mandated SSA to carry out demonstration projects to test, among other things, reducing benefits based on earnings, but SSA has not done so. SSA is concerned that, if partial benefits were available, some people who could qualify for disability benefits, except for the fact that they are working, would apply for benefits.

Matter for Congressional Consideration

The number of beneficiaries who return to work possibly could be increased through some changes in the benefit payment structure. If the Subcommittee wishes to explore this option, it could direct SSA to carry out a demonstration project that uses a sliding benefit scale as authorized by the Social Security Disability Amendments of 1980.

Agency Comments

HHS noted that an advisory committee it had established had findings similar to GAO's. HHS also described a number of actions being taken regarding vocational rehabilitation.

Although HHS's comments indicate a positive commitment on the Department's part to assess vocational rehabilitation, GAO is still unclear as to whether the Department intends to carry out a demonstration project to test a sliding benefit scale.

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Abbreviations

DDS	Disability Determination Service
FY	fiscal year
GAO	General Accounting Office
HHS	Department of Health and Human Services
RSA	Rehabilitation Services Administration
SGA	substantial gainful activity
SSA	Social Security Administration
SSDI	Social Security Disability Insurance
SSI	Supplemental Security Income
VR	vocational rehabilitation

Introduction

When the Congress created the Social Security Disability Insurance Program (SSDI), it intended that as many beneficiaries as possible be "rehabilitated into productive activity." But in the years since, very few have left the benefit rolls after receiving rehabilitative services. The House Committee on Ways and Means' Subcommittee on Social Security asked GAO why this is so and how to remedy the situation.

The Social Security Disability Insurance Program

The SSDI was established in 1954 under title II of the Social Security Act to prevent the erosion of retirement benefits for wage earners who became disabled and could not continue paying social security taxes. In 1956, the program was expanded to authorize cash benefit payments to the disabled. The Congress authorized Medicare coverage for SSDI beneficiaries in 1972, making it available to beneficiaries after they had been receiving benefits for 24 months.

The SSDI program went from 150,000 disabled worker beneficiaries in 1957 to a peak of 2.9 million in 1978, then declined and stood at 2.7 million as of September 1986. Benefits paid disabled workers and their families have risen from $57 million in 1957 to $19.6 billion in 1986. The average monthly household benefit for disabled workers and their spouses and children has increased from $73 in 1957 to $546 in September 1986. For a disabled worker with a nonworking spouse and two dependents, the average benefit was $892 per month in September 1986.

Eligibility for Benefits

To be eligible for SSDI benefits, a person must be unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment that can be expected to result in death or last at least 12 months. Also, a disabled worker must meet certain Social Security insured status requirements. Workers disabled after age 30 must have worked in employment or self-employment covered by Social Security for at least 5 of the last 10 years prior to the onset of disability. Special reduced requirements apply to workers aged 30 or younger.

Disability Determination Process and Referrals to Vocational Rehabilitation

Application for disability benefits can be made at any Social Security Administration (SSA) district or branch office. Applications are processed by claims representatives, who interview the applicant and prepare disability and vocational reports for use by state agencies. The state agencies, called Disability Determination Services (DDSs), operate under regulations published by the U.S. Department of Health and

Human Services (HHS). DDSs develop medical, vocational, and other necessary evidence; evaluate it; and make a determination as to whether the claimant meets the disability criteria established by SSA for SSDI benefits. If sufficient medical information is not readily available, the DDS may pay for a consultative examination for the claimant from a private physician. Once the DDS has determined that the claimant meets the criteria, SSA calculates the benefits payable and makes the award. SSA pays the costs incurred by the DDSs. Claimants whose applications are denied may request a reconsideration by the DDS. If still not satisfied, they can appeal successively to an administrative law judge, SSA's Appeals Council, and the federal district courts.

An examiner in a state DDS who is completing a decision on a claim, whether to allow or deny, may decide to refer the claimant to the state vocational rehabilitation (VR) agency. If so, the examiner will forward copies of the application and any relevant medical or vocational evidence that has been assembled in the case. VR agencies receive referrals of handicapped and disabled people from many sources, including educational institutions, mental hospitals, community mental health agencies, physicians, hospitals, state and local agencies, families, and self-referrals. About 77 percent of the SSDI beneficiaries in our review who received VR services did so by referral from a source other than the DDS examiners.

SSA has published criteria for referral of SSDI applicants to VR agencies, although state DDSs are not bound by these. Among SSA's recommended criteria are those for screening claimants in (referral), screening them out (no referral), and evaluating cases that do not clearly fall into either group. SSA recommends claimants be screened out for rehabilitation referral if (1) they have a terminal or progressively debilitating condition, (2) their impairment is so severe that the potential for sustained work is doubtful, (3) their condition is acute but recovery and return to prior work are anticipated, or (4) their work has been arduous, unskilled labor for 35 or more years and they lack the education or skills to do other types of work. The state agencies we visited had formal screening criteria similar to SSA's, although they often added an upper age limit, such as 50, to the screen-out criteria.

Rules Regarding Work and Work Incentives

After a DDS has determined that an individual is disabled and SSA has awarded him SSDI benefits, SSA monitors the beneficiary's disability to determine whether or not it is continuing. Beneficiaries may work despite their impairments, but if their earnings exceed the level defined

by SSA as substantial gainful activity (SGA), SSA may terminate their benefits. For 1987, SSA has defined SGA as earnings exceeding $690 per month for blind beneficiaries and $300 per month for other disabled beneficiaries. Since 1975, the SGA amount for blind beneficiaries has been increased annually according to growth in average earnings. The amount for other beneficiaries was last changed in 1980.

As an incentive, the SSDI program offers disabled workers a trial work period without loss of benefits to test their ability to work. Under this provision, beneficiaries can work up to 9 months[1] before they are subject to termination from the benefit rolls. As further incentives to work, beneficiaries can

- work an additional 15 months (extended period of eligibility) during which benefits are suspended but can be reinstated for any month in which earnings fall below the SGA level,
- have impairment-related work expenses deducted from earnings when determination of whether they are engaged in SGA is made, and
- continue coverage under Medicare for up to 36 months after cash benefits cease (for workers who are engaging in SGA, but have not medically recovered).

State Vocational Rehabilitation Programs

The Rehabilitation Act of 1973, as amended, provides for comprehensive VR services designed to help physically and mentally handicapped persons become employable. Rehabilitation services have been federally funded and administered by state agencies since 1920. The rehabilitation program operates under guidelines from the Rehabilitation Services Administration (RSA) of the U.S. Department of Education. In some states, rehabilitation services to the blind are provided by separate agencies for the blind.

The number of people served by state VR programs reached a peak of 1.2 million in fiscal year 1975, then declined to 936,180 by fiscal year 1984, the latest year for which complete data were available. According to VR counselors' estimates, about 10 percent of their clients are SSDI beneficiaries.

VR agencies reported 225,772 successful rehabilitations in fiscal year 1984, down from a peak of 361,138 in fiscal year 1974. Of the 1984 total, 10,461 (4.6 percent) were reported as SSDI beneficiaries, a decline

[1]Only months in which the beneficiary earns $75 or more are counted in the trial work period.

from 22,293 (8.0 percent) in fiscal year 1980. Many of the SSDI beneficiaries reported as rehabilitated, however, would not qualify for removal from the SSDI benefit rolls because RSA uses a definition of success that is much less rigorous than SSA's definition of substantial gainful activity.

Eligibility for Services

When an individual is being considered for vocational rehabilitation services, a state VR counselor evaluates the person's vocational handicap, using medical and vocational findings, to determine eligibility for services. Eligibility is based on two criteria:

1. The determination by a rehabilitation counselor that an individual's physical or mental disability results in a handicap that hinders the individual's employment potential.

2. A reasonable expectation that services provided by the state VR agency may benefit the individual in terms of employability.

If the individual is considered eligible for VR services, counselor and client work out a plan or program of rehabilitation.

Types of Services Provided

During the rehabilitation process, individuals may receive a number of services from a state VR agency, among them

- evaluations of vocational rehabilitation potential,
- counseling and guidance,
- physical and mental restoration,
- vocational and other training,
- transportation,
- interpreter services for the deaf,
- reader services for the blind,
- placement in suitable employment,
- postemployment services, and
- other equipment and services that may help individuals increase their employability.

Rehabilitation Lags as Federal Funding Changes

When the Congress established SSDI cash benefits in 1956, it expressed its intention that applicants be referred promptly to state vocational rehabilitation agencies "to the end that the maximum number of such individuals may be rehabilitated into productive activity" (Social Security Act, sec. 222a). In 1960, the Congress authorized a trial work period during which SSDI beneficiaries could still receive benefits and, in 1965, use of SSA trust funds to support state rehabilitation services to beneficiaries.

Very few SSDI beneficiaries have left the benefit rolls after receiving rehabilitation services. Fewer than one-fifth of 1 percent of 1969-73 beneficiaries were rehabilitated and removed from the benefit rolls, we estimated in 1976.[2] At that time, we questioned the effectiveness of SSA's method of funding VR agencies and concluded that little savings were accruing to the trust funds, as so few beneficiaries served by VR agencies were being removed from SSDI rolls. In 1981, the Congress changed the method of funding. Instead of basing such payments on a fixed percentage of the preceding year's disability payments, the Congress directed SSA to reimburse VR agencies only for beneficiaries who, as a result of VR services, engaged in substantial gainful activity for 9 continuous months. Under this arrangement, SSA payments to VR agencies fell sharply. VR agencies' services to SSDI beneficiaries also fell considerably (see tables 1.1 and 1.2).

Table 1.1: Federal Funding of State VR Agencies (1981-86)

Figures in millions

	Fiscal years					
	1981	**1982**	**1983**	**1984**	**1985**	**1986[a]**
RSA	$854.3	$863.0	$943.9	$1,037.2	$1,100.0	$1,145.0
SSA[b]	124.1	0[c]	0[c]	4.3	9.9	20.0
Total	**$978.4**	**$863.0**	**$943.9**	**$1,041.5**	**$1,109.9**	**$1,165.0**

[a]Estimate.

[b]Includes funding for both SSDI beneficiaries and disabled recipients of Supplemental Security Income (SSI), a federal program providing benefits to low-income disabled, blind, and elderly persons according to financial need.

[c]SSA did not begin approving and paying claims until it had issued regulations for the new procedure. It did, however, advance money to the state agencies to be charged against claims when they were approved. SSA advanced $3.3 million in fiscal year 1982 and $6.5 million in fiscal year 1983.

[2]Improvements Needed in Rehabilitating Social Security Disability Insurance Beneficiaries (MWD-76-66, May 13, 1976).

Table 1.2: Rehabilitation of SSDI and SSI Beneficiaries by State VR Agencies
(1980-84)

Fiscal year	Rehabilitations by state agencies	SSDI and SSI Beneficiaries	
		No. rehabilitated	Percent of total
1980	277,136	42,466	15.3
1981	255,881	39,056	15.3
1982	226,924	32,954	14.5
1983	216,231	25,355	11.7
1984	225,772	23,594	10.4

Source: RSA

Demonstration Projects Test Rehabilitation, Employment Approaches

To help disability beneficiaries return to work, the Congress authorized SSA to test new forms of rehabilitation and other employment-related initiatives under section 505 of the 1980 Disability Amendments (Public Law 96-265), recently extended by Public Law 99-272, section 12101. In 1985, SSA began a series of VR and employment demonstration projects that included

- a transitional employment project;
- a group of projects testing the effectiveness of various private sector placement approaches; and
- a group of projects with state VR agencies testing new measures (e.g., modified referral criteria, intensified counselor supervision, closer ties with industry, greater use of on-the-job training, and tracking of persons after placement) to improve state VR outcome (see app. IV).

In fiscal year 1988, SSA expects to conduct a further series of VR and employment demonstrations aimed at identifying innovative, cost-effective VR and employment approaches applicable to SSA's disability population. The projects are expected to be completed within 12 to 18 months.

In commenting on a draft of this report on September 17, 1987 (see app. VI), HHS said that some of its demonstration projects have shown that, if more beneficiaries can be made aware of and have access to effective public and private sector assistance, more of them will be placed in gainful employment and come off the benefit payment rolls. For a more detailed description of SSA's demonstration projects, see appendix IV.

HHS also said that SSA's new research demonstration program will focus primarily on employment assistance because SSA is planning several internally managed tests of enhanced work incentives.

Objectives, Scope, and Methodology

On December 10, 1984, the Chairman of the Subcommittee on Social Security, House Committee on Ways and Means, requested that we review the relationship between SSDI programs and state VR programs. As a result of subsequent discussions with his office, we designed our review primarily to explore

- why VR programs have rehabilitated few SSA disability beneficiaries,
- whether differing state policies on referral of persons to VR have an impact on the number of beneficiaries removed from the SSDI rolls, and
- what changes VR professionals believe are needed to increase the number of SSDI beneficiaries who resume work at some level.

Thus, we focused on the extent to which VR services are successful in returning SSDI beneficiaries to productive employment. We did not specifically address other potential social benefits of the rehabilitation process such as placing beneficiaries in noncompetitive positions, such as sheltered workshops, homemaking, or unpaid family work, which do not result in savings to the social security trust funds. The Subcommittee also wanted to know whether applicants who were denied SSDI benefits were being referred to and offered VR services. This information is included as appendix I.

We carried out our review in 10 states: California, Connecticut, Illinois, Kentucky, New Jersey, Ohio, Pennsylvania, South Carolina, Texas, and Wisconsin. These states were chosen because they represented widely varying practices in referring SSDI claimants to vocational rehabilitation. Although not statistically representative of the national SSDI beneficiary population, they accounted for nearly 40 percent of the disability determinations by state DDSs in fiscal year 1985. In six of these states, services to blind persons are provided by an agency that is separate from the general VR agency. Therefore, our scope included 16 state VR agencies.

In each state, we interviewed officials of the VR agencies and disability determination services. From 13 of the 16 state VR agencies, we obtained computerized data tapes of 2.1 million VR case records for 1980-86. We matched these with SSA's database of disability determinations (both allowed and denied) made by state DDSs in 1983. From SSA's Master Beneficiary Record, we obtained information in February 1986 on the SSDI benefit status of the 1983 claimants. Thus, we could determine which

1983 claimants received VR services, whether they completed a VR program, and whether those allowed SSDI benefits remained on the rolls.[3]

We sent questionnaires to all VR counselors in the 10 states with at least 2 years of counseling experience. Our purpose was to get experienced VR counselors' opinions as to why SSDI beneficiaries participate or do not participate, succeed or do not succeed, in VR and on possible changes in SSDI rules that might result in more beneficiaries returning to work. Of 2,098 questionnaires sent out, 1,865 (89 percent) were returned. Some of the questionnaires were returned incomplete because the respondent had left the agency, retired, or no longer worked in a counseling position. Others were screened out because the counselor lacked the minimum 2 years' experience, or had no experience with SSDI beneficiaries. Our final total of valid questionnaires analyzed was 1,721 (82 percent). (See apps. II and III.)

Because our computer matching analysis could not explain why so many of the DDS referrals did not become VR clients, we traced the outcome of referrals by the DDSs of the 10 states to state VR agencies in July-August 1985. Using July and August referrals meant that enough time would have passed to determine whether a referred person was likely to become a VR client by the time we gathered these data in the spring of 1986.

With the assistance of the Ohio DDS, we conducted an experiment in which we used broader referral criteria and increased the number of referrals from the state DDS to the VR agency. This enabled us to explore the possibility that broadening the criteria for referral in a state would increase the number of beneficiaries participating in VR. We tracked the outcome of the referrals we and the DDS examiners made to see whether those referred became VR clients.

Further details on the methodologies used in this review may be found in chapters 2 and 4. We conducted our review between December 1985 and September 1986 and in accordance with generally accepted government auditing standards. Assessment of computerized databases for reliability was limited to cross-checking internal data values and data

[3]We were unable to obtain data tapes from the blind services agencies in Connecticut and Pennsylvania or analyze tapes provided by the general VR agency in New Jersey because of technical problems.

patterns between states. We did not attempt to investigate the data controls used by the state and federal agencies supplying the data. Where necessary, we have noted any data limitations affecting our analysis.

Chapter 2

Vocational Rehabilitation Has Minimal Impact on SSDI Benefit Rolls

The VR program has little effect on the SSDI program, our study of SSDI benefit awards in 1983 indicated. Only 1 percent of the beneficiaries studied had been removed from the benefit rolls by February 1986 for working, and of these, fewer than one-third had been clients at a VR agency. The VR agencies in our review had evaluated nearly 12 percent of the SSDI beneficiaries and considered 2.5 percent successfully rehabilitated according to the criteria of the VR program. But only 0.3 percent of the 1983 beneficiaries were removed from the SSDI rolls after having been served by a VR agency.

Very Few Beneficiaries Leave SSDI Rolls to Work Again

Of the 1983 beneficiaries we studied, only 1 percent left the SSDI rolls by February 1986 because of renewed work activity (see table 2.1). This included people who returned to work without benefit of VR services. Nearly two-thirds of the beneficiaries were still receiving benefits, while 30 percent were deceased. Some persons had been removed from the benefit rolls for other reasons, primarily medical recovery.

Table 2.1: Disabled Workers in 10 States Awarded SSDI Benefits in 1983: Benefit Status in February 1986

	SSDI beneficiaries	
	No.	Percent
Total initial awards in 1983 (10 states)	70,531	100.0
Status as of Feb. 1986: Still on benefit rolls	45,822	65.0
Deceased	21,137	30.0
Transferred to retirement rolls	24	0.0
Suspended or terminated for work activity	734	1.0
Suspended or terminated for other reasons[a]	1,217	1.7
Unknown[b]	1,597	2.3

Source: GAO's computer study of SSDI beneficiaries in 10 states

[a]Primarily this category includes individuals removed for medical recovery (no trial work period started).

[b]Accounts being updated at the time of our data request were unavailable for our database. Because of the miscellaneous nature of such updates, the cases could be expected to be distributed across the other categories. Examples of such updates would be change in address, number of dependents, benefit status, etc.

Still Fewer Leave SSDI Rolls After VR Services

About 11.6 percent of the 1983 SSDI beneficiaries we studied were evaluated by a state VR agency, and some successfully complete VR programs. However, as table 2.2 shows, very few beneficiaries (only about 0.3 percent) left the SSDI benefit rolls after receiving services from a VR agency.[1] The Rehabilitation Services Administration recognizes a success if the VR agency places a client in suitable employment (paid or unpaid) for at least 60 days. Under RSA guidelines, suitable employment is the rehabilitation goal agreed on by counselor and client. It may involve placement in a sheltered workshop or as an unpaid homemaker in the person's own home. In fact, 25 percent of the beneficiaries in our study reported as successfully rehabilitated were unpaid homemakers. Other successfully rehabilitated persons may work only part time and not earn enough to cause SSA to remove them from the benefit rolls.

Table 2.2: VR Experience of SSDI Beneficiaries in Seven States

	No.	Percent
Initial benefit awards in 1983 (7 states)[a]	54,354	100.0
Evaluated by VR agency:	6,307	11.6
Closed unsuccessfully	2,762	5.1
Closed successfully	1,381	2.5
VR case still open	2,164	4.0
Removed from SSDI rolls for working	153	0.3

[a]Of our 10 study states, the Connecticut and Pennsylvania agencies for the blind did not have automated data, and we were unable to analyze the data tapes provided by the general VR agency in New Jersey because of technical problems

Some beneficiaries may remain on or return to the SSDI rolls because of provisions in the law such as the trial work period and the extended period of eligibility. The trial work period allows a person to work up to 9 months without being removed from the benefit rolls. The extended period of eligibility allows a person to be reinstated to the rolls during the succeeding 15 months if he or she stops working.

Some SSDI beneficiaries return to work without benefit of VR services. Of the 54,354 beneficiaries from the seven states included in table 2.2, 539 were removed from the SSDI rolls for renewed work activity. As the table shows, 153 of these received services from a VR agency.

[1]In arriving at the 153 removed from the benefit rolls, we counted anyone who received VR services, regardless of whether they successfully completed a program, believing that any VR services provided may have contributed to the person's ability to resume working. We did not count persons whose VR cases were closed without any service plan being developed.

Chapter 3

Reasons for Lack of Success in Returning SSDI Beneficiaries to Work

Age and disabling conditions keep many SSDI beneficiaries from returning to work, and others are dissuaded by economic disincentives. A large majority of SSDI beneficiaries, probably 85-90 percent based on our data, are either too old to be considered realistic candidates for vocational rehabilitation or are unlikely candidates because of the nature or severity of their disability. The remainder generally have some contact with a VR agency before their SSDI benefits are awarded. VR counselors told us their SSDI referrals are generally older and more severely disabled than non-SSDI referrals. In addition, many could not earn enough working to compensate for the loss of SSDI benefits and Medicare coverage.

Profile of SSDI Beneficiaries Evaluated for Rehabilitation

The beneficiaries in our review who had been evaluated for services by VR agencies generally were much younger than those not evaluated. Also, some of the disabling conditions that affect large numbers of SSDI beneficiaries were little represented among those evaluated for VR. The state DDSs in our study referred about 13 percent of new beneficiaries to VR agencies. In one state, we conducted an experiment to see whether broadening the criteria for DDS referral would lead to more beneficiaries receiving VR services. The VR agency, however, considered only 1 of the 47 additional persons referred to be a potential new client.

Age and Type of Disability

In our computer-matching study of persons allowed SSDI benefits in 1983, we found that about 12 percent were interviewed and evaluated by a VR agency either before or after the award of their SSDI benefits. These beneficiaries were much younger than the 88 percent not evaluated for VR services (see table 3.1).

Table 3.1: Age Comparison of SSDI Beneficiaries Evaluated/Not Evaluated by VR Agencies in Seven States

	Evaluated for VR	Not evaluated for VR
Number of beneficiaries[a]	6,274[b]	47,908[b]
Median age (years)	33	56
Percent 40 years or over	37	84
Percent 50 years or over	21	69

Source: GAO's computer analysis of data on 1983 SSDI claimants

[a]Connecticut, New Jersey, and Pennsylvania not included because of incomplete data

[b]Age data missing on 33 persons evaluated for VR and 139 persons not evaluated for VR

Certain types of disabling conditions were more prevalent among the beneficiaries evaluated for VR services than among the general SSDI population (see table 3.2). For example, persons whose primary disability was a visual or hearing impairment, a mental disorder, or injury in an accident were far more heavily represented among those with a VR experience than among the general SSDI population. On the other hand, cancer, circulatory problems such as heart disease and stroke, and respiratory illnesses were more prevalent among the general SSDI population.

Table 3.2: Primary Disabilities: All Persons Awarded SSDI Benefits in 1983 Compared With Beneficiaries Evaluated for VR Services

Figures are percents

	Persons awarded benefits in 1983	
Primary disability	**All beneficiaries[a]**	**Beneficiaries evaluated for VR services[b]**
Circulatory disorders, including heart disease and cerebral vascular	21.9	7.5
Cancer	16.8	1.3
Mental disorders, including mental retardation	16.3	25.2
Arthritis	5.8	1.9
Respiratory illnesses	5.8	1.0
Accidental injuries and poisonings	5.0	14.9
Diabetes, metabolic, and related disorders	4.8	1.3
Visual impairments	2.2	16.5
Hearing impairments	1.2	6.6
All other	20.2	19.3
Unknown	0.0	4.7
Total	**100.0**	**100.0**

[a]Source: SSA national statistics on 1983 disabled worker awards. Because of limitations in the computerized data files we obtained from SSA, we could not make this comparison using only beneficiaries in our study states.

[b]Source: GAO's computerized study of SSDI claimants in 10 states, excluding Connecticut, New Jersey and Pennsylvania because of incomplete data.

Increased DDS Referrals May Not Increase Rehabilitation

The state disability services in our study referred about 13 percent of the persons whose disability claims they approved (allowed).[1] To see whether increasing the number of referrals would result in more SSDI beneficiaries receiving VR services, we conducted an experiment in one state. At the Ohio Bureau of Disability Determination, we reviewed 200

[1]The 13-percent figure comes from our analysis of referrals made in July and Aug. 1985. In our analysis of 1983 claimants, the DDSs referred 10 percent to VR.

allowed cases as examiners finished them. Ohio uses SSA's screening criteria, then makes a judgmental evaluation as to whether to refer a beneficiary to VR. Ohio examiners had referred 33 of the 200. We expanded the screening criteria by referring all beneficiaries except those falling in the categories noted below. Even using our criteria, 120 or 60 percent of the cases still were not referred to VR. Our criteria for screening out cases and the percent screened out were

- age 60 or over (24.5 percent),
- progressively debilitating condition (26.0 percent),
- in a mental institution (1.5 percent),
- terminally ill (2.0 percent), and
- deceased (6.0 percent).

Thus, the number of referrals increased to 80 of the 200 or 40 percent. Of the 47 additional persons referred to VR by the Ohio Bureau on our behalf, 17 were between the ages of 45 and 59. Of the remaining 30 who were under age 45, 20 were persons with mental conditions. We tracked the outcome of all 80 referrals to see how many became VR clients. Of the 33 referred by DDS examiners, 9 already had been VR clients and 3 more became clients as a result of the referrals. Of the 47 additional persons referred at our request, 8 already had been VR clients, and only 1 appeared likely to become a new VR client. Thus, in this experiment, increasing the number of DDS referrals did not appear to increase the potential for rehabilitating SSDI beneficiaries. The results of DDS referrals are discussed further in chapter 4.

VR Counselors View SSDI Beneficiaries as More Difficult to Work With Than Other VR Clients

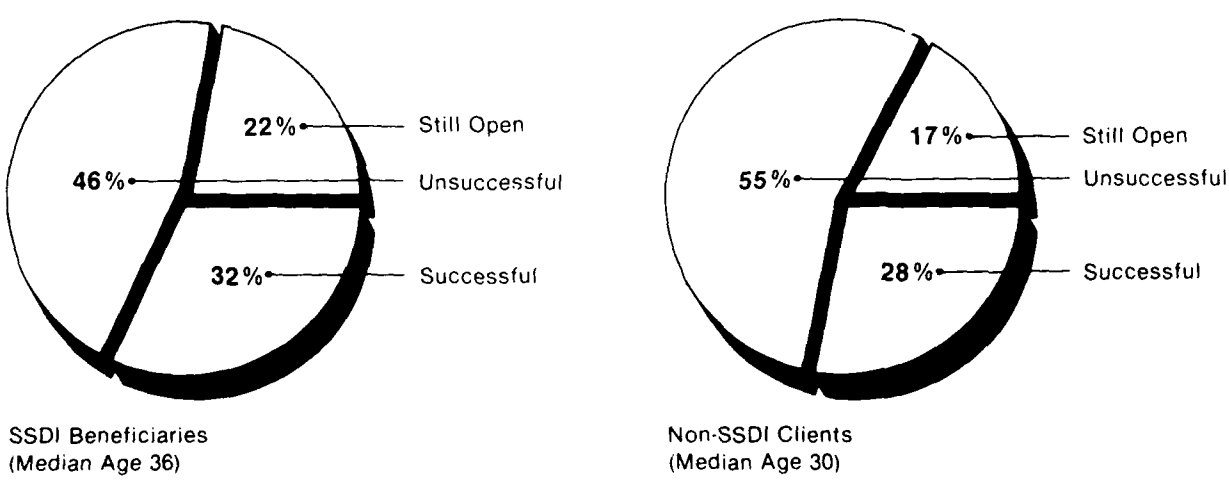
We asked counselors to compare generally the SSDI beneficiaries referred to them (from any source) to the other persons referred to them. While counselors did not perceive a clear difference in educational background, they did say that SSDI referrals were somewhat older on average than their other referrals. A substantial majority of counselors also said that SSDI referrals were more severely disabled and less motivated to participate in rehabilitation than other persons referred for VR services.

Compared to other clients they work with, VR counselors viewed SSDI clients as more difficult to successfully rehabilitate. Sixty-eight percent of general VR counselors said SSDI clients were less likely to succeed in rehabilitation programs than their other clients. Further, 71 percent of general VR counselors said SSDI clients took more of a counselor's time, and

63 percent said they required more expensive services than other clients. Counselors for the blind generally shared these views. SSDI beneficiaries are more prevalent among blind VR clients than among general VR clients. Counselors for the blind reported that SSDI clients made up 23 percent of their caseloads on average compared with just under 10 percent for general VR counselors.

To see if the SSDI clients actually were older and less successful in completing VR programs, we analyzed Ohio VR case records to compare the SSDI beneficiaries evaluated by the state VR agency with other persons evaluated by the agency in 1983. Because of time constraints, we analyzed only the one state. As seen in figure 3.1, the SSDI beneficiaries who became VR clients were generally older than other VR clients, but they did a little better in completing VR programs (by RSA standards) than did other VR clients.

Figure 3.1: SSDI Beneficiaries Compared With Other VR Clients in Ohio



Source: GAO's computer analysis of VR case records in Ohio.

SSDI Beneficiaries Often Reluctant to Participate in VR

Although the 10 state DDSs in our study referred about 13 percent of the persons granted SSDI benefits to VR agencies, many of them never became VR clients. Because our computer-matching analysis of 1983 claimants could not explain what happened to the referrals who never applied for VR services, we designed a separate study of more recent referrals. We identified all DDS referrals made in July and August 1985 in the 10 states surveyed. We traced these referrals through the VR process and determined from the counselors why the beneficiaries did not become VR clients. As seen in table 3.3, agencies considered one-half of the referrals unpromising and made no attempt to contact them. Over half of the other 50 percent, when contact was attempted, did not respond or responded but declined services. Only 13 percent of all referrals signed an application for VR services.

Table 3.3: Outcomes of Attempts by VR Agencies to Contact DDS Referrals (July-Aug. 1985)

	Referrals to VR agencies	
	General VR agencies	**VR agencies for the blind**
Total referrals	1,548	457
With prior VR history	388	149
Without prior VR history	1,160	308
Outcomes (in percents):[a]		
Contact not attempted	49.9	39.6
Contact attempted	50.1	60.4
Claimant could not be located	2.8	1.3
Claimant did not respond	7.3	12.0
Claimant responded but was not interested	17.9	24.7
Claimant was interviewed but VR services were not pursued	6.6	0.0
Claimant signed application for VR services	13.1	17.9
VR services deferred	0.9	1.9
Claimant deceased	0.3	0.3
Still trying to contact	0.2	1.6
Other	0.9	0.6

Source: GAO study of July and Aug. 1985 DDS referrals in 10 states

[a]Percents shown are based on claimants with no prior VR history. See app. V for confidence limits.

Economic Factors Influence Beneficiaries Regarding Rehabilitation and Work

According to counselors responding to our questionnaire, the fear of losing SSDI and Medicare benefits deterred many SSDI beneficiaries from participating in VR programs. Fewer than a third of the beneficiaries they had interviewed could expect to improve their economic situations by returning to work, the counselors estimated. These views were consistent with an analysis we did of 1983 claimants who had completed a VR program. We found that many did not earn enough to get off the SSDI benefit rolls. Those who did go off the benefit rolls generally had earnings significantly higher than their SSDI benefits.

The most common reason that SSDI referrals decided to participate in VR was because they considered working an important part of their lifestyle, the VR counselors surveyed said. Another reason frequently given was that the participants were young and believed they still had a future in the work force. Of the reasons for nonparticipation, counselors gave the most weight to the fear of losing SSDI benefits and Medicare coverage, along with the belief of many beneficiaries that they were too disabled to work. (See app. III for details.)

The importance of Medicare coverage was commented on voluntarily by 93 counselors. Some pointed out special employment problems that disabled persons may face in this respect:

1. Smaller companies, which otherwise might be good prospects for hiring disabled people, are afraid of the effect on their health insurance premiums.

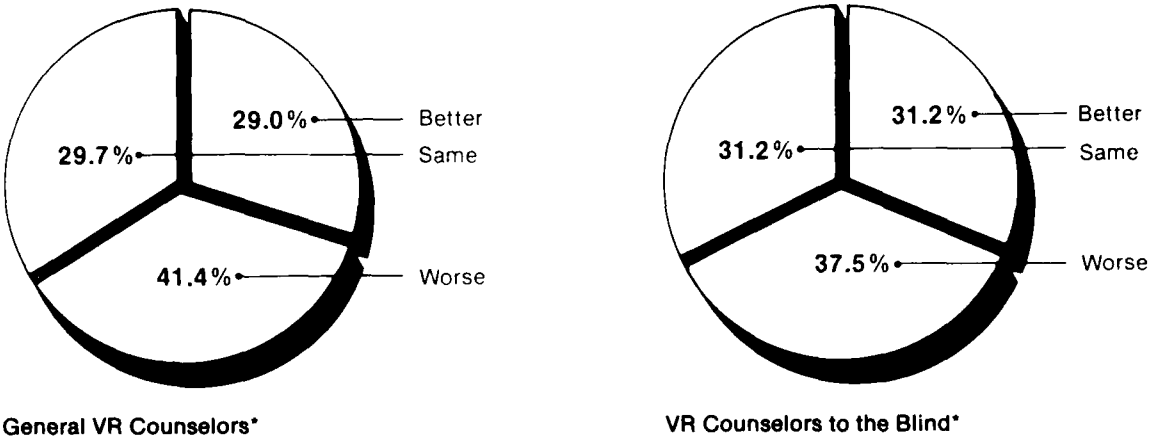
2. Many health insurance plans specifically exclude preexisting conditions from coverage.

3. Many part-time, temporary, or contractual jobs for which disabled people might qualify do not offer health insurance benefits.

Regarding the loss of cash benefits, beneficiaries may not find it advantageous to try working again. Some counselors and VR officials told us that many disabled people can only qualify for low-paying jobs that offer little or no advantage over the receipt of SSDI benefits. Fewer than one-third of SSDI beneficiaries counselors had interviewed could expect to improve their situations, considering cash and medical benefits and the job placements they could reasonably expect after rehabilitation. counselors told us (see figure 3.2).

Figure 3.2: Economic Prospects of SSDI Beneficiaries Interviewed by VR Counselors

How Would SSDI Beneficiaries Do Economically by Returning to Work?



General VR Counselors*

VR Counselors to the Blind*

*Counselors responses were averaged.

When clients successfully complete a VR program, their earnings after 60 days in their new positions are recorded by the counselors. Analyzing the cases of 746 beneficiaries[2] in seven states who successfully completed VR programs, we compared their earnings to the amount of SSDI benefits to which their household was entitled. We found that 440 (59 percent) had earnings that were less than their SSDI benefits. Only 12 (3 percent) of these eventually left the SSDI rolls. Of the 306 (41 percent) whose earnings were greater than their SSDI benefits, 70 (23 percent) had been removed from the rolls by February 1986. The 70 who left the rolls had earnings that averaged $746 more than their benefits. It thus appears that those beneficiaries who successfully complete a VR program often do not earn enough to make returning to work an attractive alternative to remaining on SSDI rolls.

Under the Social Security Act (sec. 222(b)(1)), beneficiaries are expected to cooperate with VR agencies or risk suspension of their benefits. About

[2]As seen in table 2.2, the seven states had 1,381 beneficiaries who successfully completed VR programs by Feb. 1986. To focus on those in a position to make a conscious choice between working or staying on SSDI benefits, we excluded certain groups from our analysis. These were deceased persons, cases with missing earnings data, persons removed from the rolls for medical recovery, and persons who had not had time to complete their trial work periods.

60 percent of the counselors we surveyed said they thought the rule encouraged beneficiaries to participate in VR, and a majority believed the rule should be continued. Other counselors said that participation based on this rule usually was not meaningful and only wasted a counselor's time. These counselors said VR should be a voluntary program and that SSA's rule could give beneficiaries a negative impression of VR.

Observations

No more than 10 to 15 percent of SSDI beneficiaries appear to be realistic prospects for rehabilitation and return to the work force. About 12 percent of the beneficiaries in our study population were evaluated for VR services, but less than one-half of 1 percent succeeded in getting off the SSDI benefit rolls after receiving VR services. Some were considered by VR agencies to be too disabled to participate in VR, while others chose not to participate or, at some point, not to persevere. VR counselors believe the lack of success in rehabilitating SSDI beneficiaries is often related to the economic disincentives involved, saying that, for many beneficiaries, working is not viewed as an attractive alternative to retaining their SSDI benefits and Medicare coverage.

Chapter 4

Rehabilitation Success Not Linked to Level of Outreach and Referrals by States

Some state VR agencies make little or no effort to solicit referrals from the DDSs or to involve them in VR programs, while others encourage such referrals and practice more outreach in trying to get them into VR programs. For the 10 states we examined, despite varying practices by their VR agencies in handling DDS referrals, the final result as to numbers of SSDI beneficiaries removed from the benefit rolls was about the same.

State DDSs Vary in VR Referral Practices

While the states we visited varied widely in the percentage of SSDI claimants they referred to VR, the variations did not appear related as much to the written DDS criteria as to the policies of the VR agencies. For example, the California, Ohio, and Wisconsin DDSs had similar written criteria for their disability examiners to use in making referrals. But, as California's VR division informed the DDS through discussions that it did not want referrals, it got very few. Wisconsin's VR agency, on the other hand, was receptive to referrals and was getting over 40 percent of those allowed SSDI benefits in our July/August 1985 study. Ohio's DDS was referring less than 13 percent of those allowed benefits to VR. The variations among the 10 states reviewed can be seen in table 4.1.

Table 4.1: State DDS Referrals to VR (1983 and 1985)

State disability service	Percent of allowed beneficiaries referred to VR 1983[a]	1985[b]
California	2.3	2.2
Connecticut	4.1	9.0
Illinois	7.4	7.9
Kentucky	11.4	17.5
New Jersey	4.4	5.2
Ohio	13.6	12.7
Pennsylvania	10.5	28.7
South Carolina	28.7	22.4
Texas	7.1	5.9
Wisconsin	33.1	41.0
Composite	9.7	12.8

[a]source GAO's computerized study of 1983 SSDI claimants

[b]source GAO's study of referrals made in July and Aug 1985

Use by State VR Agencies of DDS Referrals Also Varies

State VR agencies differed in their handling of DDS referrals and in the attention given them. Some state DDSs sent their referral packages to a central office of the VR agency, which did some additional screening of cases. Alternatively, other DDSs sent the packages directly to district or local VR offices, in which case screening was done by counselors or someone else at the local level. In any event, a counselor or other staff member in a local office eventually attempted to contact some of the referrals to determine their interest in VR services. The percentage contacted varied widely by state.

Many DDS referrals did not become VR clients, but we could not determine why from our computerized data on 1983 SSDI claimants. To study the handling of referrals by the VR agencies, we traced cases referred by the 10 DDSs in July and August 1985. The VR agencies had information on the disposition of 93 percent of these referrals, and we have treated the remaining 7 percent as not having been contacted by the VR agency. The DDSs varied greatly in the percentage of claimants they referred to vocational rehabilitation, and the VR agencies varied in their efforts to contact and involve referred claimants in VR programs, as table 4.2 shows.

Table 4.2: DDS Referrals to VR in July and August 1985 and VR Agencies' Attempts to Contact Them

State	SSDI beneficiaries referred to VR	Percent of all beneficiaries	Referrals with VR history	Referrals without VR history			
				General VR agencies		VR agencies for blind	
				Total	Contact attempted	Total	Contact attempted
Wisconsin[a]	464	41.0	143	312	103	9	0
Pennsylvania[a]	549	28.7	77	426	274	46	37
South Carolina	155	22.4	38	98	17	19	12
Kentucky	120	17.5	25	82	66	13	10
Ohio[a]	259	12.7	84	125	65	50	38
Connecticut	34	9.0	12	10	6	12	10
Illinois	146	7.9	36	60	39	50	38
Texas	137	5.9	91	4	0	42	28
New Jersey	67	5.2	17	28	13	22	15
California	74	2.2	14	15	0	45	1
Total	**2,00F**	**12.8**	**537**	**1,160**	**583**	**308**	**189**

S e GAO's study of July and Aug 1985 DDS referrals in 10 states

[a]In se three states, we sampled referrals because the numbers referred were large The samples wer rawn to achieve a 3-percent maximum error rate with 95-percent confidence All numbers shown in the eport for these states are projections from the samples See app V for confidence limits

Attempts by VR agencies to contact referred claimants often met with no response or a lack of interest in VR. Relatively few claimants went through an interview with a VR counselor and signed an application for VR services. Some state VR agencies, however, appeared to recruit these potential clients more actively than others, as seen in table 4.3.

Table 4.3: VR Cases Opened as a Result of DDS Referrals Made in July and August 1985

State	VR cases opened			Percent of all beneficiaries
	By general VR agencies	By VR agencies for the blind	Total	
Wisconsin	46	0	46	4 1
Pennsylvania	61	7	68	3 5
Kentucky	12	4	16	2 3
South Carolina	8	4	12	1 7
Illinois	19	8	27	1 5
New Jersey	4	8	12	0 9
Ohio	9	9	18	0 9
Texas	0	18	18	0 8
Connecticut	1	1	2	0 5
California	0	1	1	0 0
Total	**160**	**60**	**220**	**1.4**

Source GAO s study of July and Aug 1985 DDS referrals in 10 states

Some state VR agencies, such as the general VR agencies in California and Texas, concluded that the results of DDS referrals were so minimal that they did not justify administrative efforts by the DDS to refer them or the VR agency to evaluate them. These agencies preferred to rely on other sources to refer SSDI beneficiaries to VR. Motivation is a key to successful rehabilitation, officials of these agencies told us, and persons referred only by the DDS (paper referrals) rarely were motivated to pursue a VR program. On the other hand, as can be seen from tables 4.2 and 4.3, the DDSs in Wisconsin, Pennsylvania, Kentucky, and South Carolina referred many more SSDI beneficiaries to VR. The VR agencies also were relatively more successful in getting SSDI referrals interested in VR programs.

Referral by Disability Services Makes Little Difference in Rehabilitation

Despite the variations in DDS referral practices, the states we reviewed differed little in the percentage of SSDI beneficiaries removed from the rolls after receiving VR services. This conclusion is based on data from our study of 1983 SSDI claimants, which took into account VR services provided before as well as after the DDS decision to allow SSDI benefits, assuming that any VR services might contribute to renewed work activity and removal from the benefit rolls. The highest success rate (Connecticut) was only 5 per 1,000 beneficiaries (as table 4.4 shows). The table presents data only on general VR services, since we were unable to obtain automated data from the blind services agencies of Pennsylvania and Connecticut. Of 1,207 blind beneficiaries evaluated for VR services in the other 8 states, 22 had been removed from the SSDI rolls by February 1986 because they returned to work.

Table 4.4: Success of General VR Services Provided to SSDI Beneficiaries in 10 States

	SSDI claimants awarded benefits in 1983				
State	Evaluated by VR agency	Some VR services provided[a]	Successful VR closures	VR cases still open[a]	Work-related removal from SSDI rolls
Wisconsin	146	101	38	32	31
Pennsylvania	117	92	32	28	27
Kentucky	132	93	8	80	26
South Carolina	106	58	8	31	20
Illinois	80	55	21	22	19
New Jersey	b	b	b	b	b
Ohio	98	64	27	23	37
Texas	101	84	9	71	27
Connecticut	101	62	21	21	50
California	82	50	14	21	18
Composite	100	69	20	33	26

Source: GAO's study of 1983 SSDI claimants (status as of Feb. 1986)

[a]Includes a small number of cases still being evaluated for services

[b]Not available due to database problems

VR agencies, especially general agencies, got SSDI clients from a variety of sources (see table 4.5). Nearly two-thirds of SSDI beneficiaries had had experience with a VR agency before the DDS decided on their disability, as figure 4.1 shows.

Table 4.5: SSDI Beneficiaries With VR Cases Open at or After Disability Determination: Sources of Referral to VR Agencies

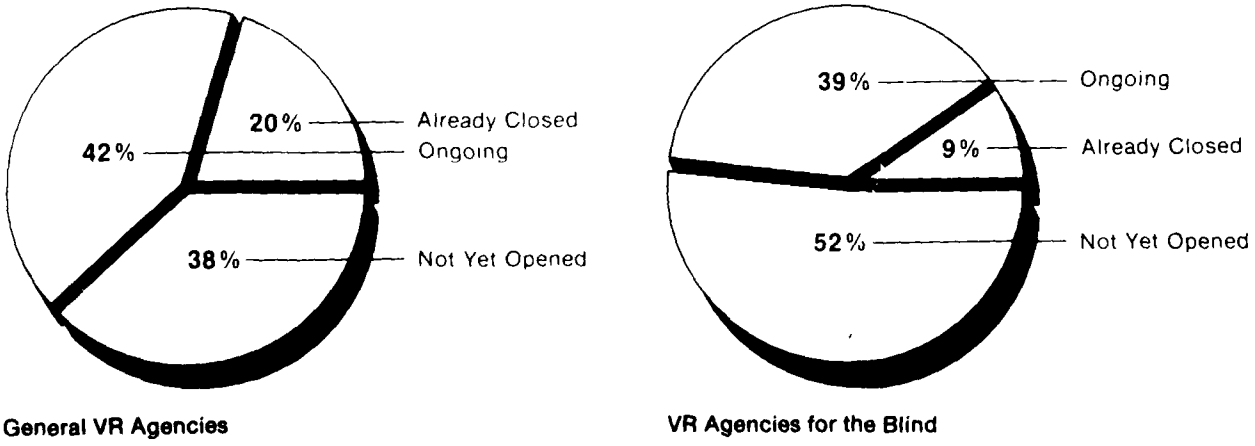
	General VR cases[a]		Blind VR cases[b]	
Referral source	**No.**	**Percent**	**No.**	**Percent**
Educational institutions	260	5 3	38	3 5
Mental hospitals/community mental health centers	441	9 0	4	0 4
Hospitals/clinics	904	18 3	49	4 6
State or local agencies	537	10 9	79	7 3
Private organizations	222	4 5	40	3 7
DDS or SSA office	417	8 5	351	32 6
Self-referrals	929	18 9	287	26 6
Physicians	356	7 2	112	10 4
Other individuals	560	11 4	87	8 1
Rehabilitation facilities	291	5 9	31	2 9
Unknown	11	0 2	0	0 0
Totals	**4,928**	**100.0**	**1,078**	**100.0**

Source: GAO's study of 1983 SSDI claimants in 10 states

[a]Does not include New Jersey

[b]Does not include Connecticut and Pennsylvania

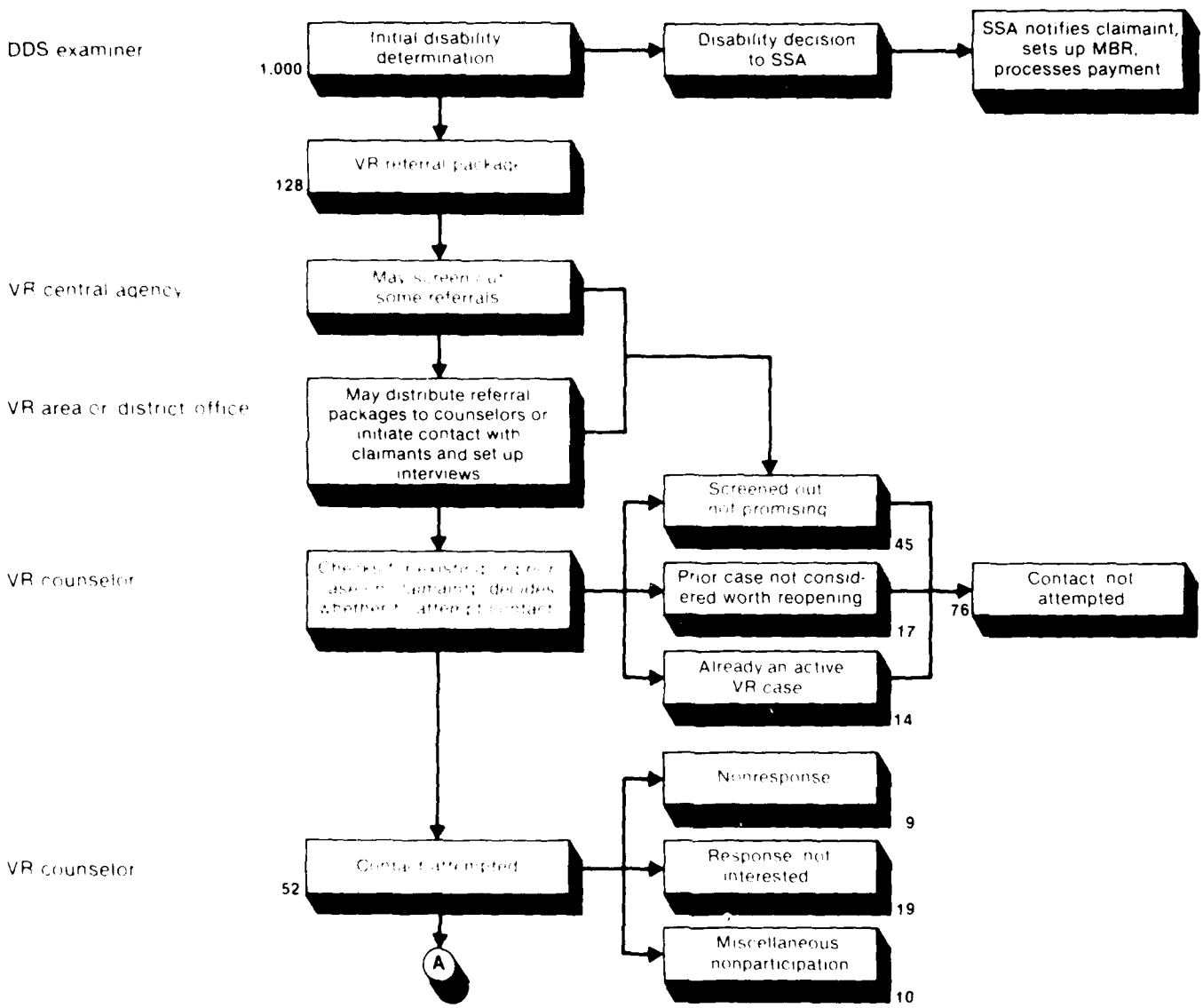
Figure 4.1: Timing of VR Services to SSDI Beneficiaries

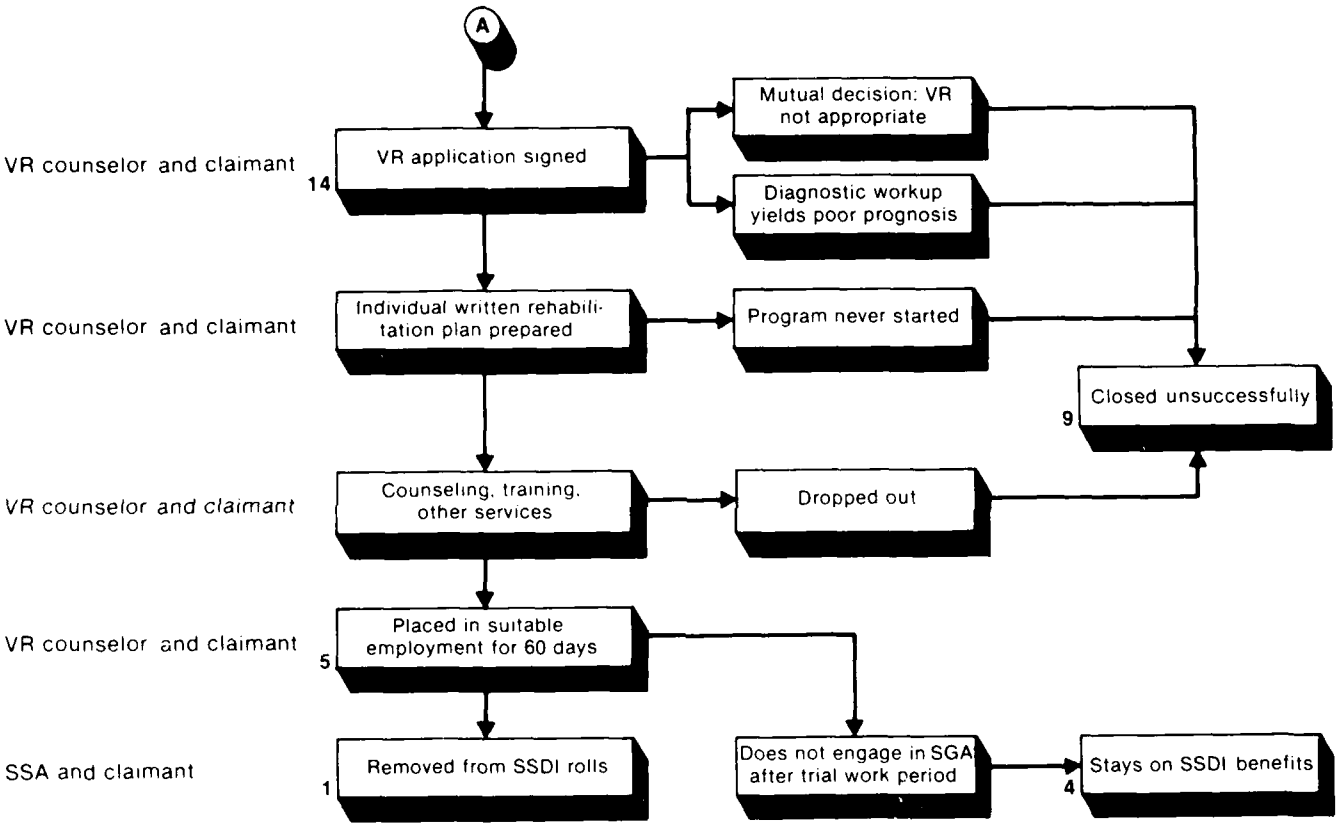


Outcomes of DDS Referrals Charted

Many things can happen between the preparation by a DDS examiner of a referral package for the VR agency and the successful rehabilitation of a few of the people referred and their removal from the SSDI rolls. To illustrate this, figure 4.2 uses data from our analyses of both 1983 claimants and referrals made in July and August 1985. Neither of these data sources could by itself tell the entire story of referrals, so we drew on both of them to illustrate what might happen to a hypothetical 1,000 persons allowed SSDI benefits. From the 1985 data, we estimated how many DDS referrals would become VR clients, but for these we could not tell the final result of VR services. We used our data on 1983 SSDI claimants to estimate how many DDS referrals were likely to complete VR programs and how many were likely to leave the SSDI rolls. In this illustration, we assume that the experiences of the two groups would be similar. We believe the numbers used to be good approximations, but because they rely on two different databases, they cannot be considered statistical projections.

Figure 4.2: What Happens to DDS Referrals? (Hypothetical 1,000 Cases)





Note: See appendix V for confidence limits.

Conclusion

Of the state disability services we visited, some made a much greater effort than others to refer SSDI beneficiaries to the VR agencies. In states where greater efforts were made, the VR agencies seemed to do more to encourage these beneficiaries to participate in rehabilitation programs. In other states, the agencies were more passive. But the active states had no better results in getting beneficiaries removed from the SSDI rolls. Many VR professionals and officials told us that the reason for this was that personal motivation is a key determinant of success in returning a disabled person to the work force. While active outreach efforts increase slightly the rate of success, they do not appear to be a substitute for incentives in motivating persons to pursue rehabilitation.

Chapter 5

VR Officials and Counselors Believe Changes in SSDI Rules Are Needed if More Beneficiaries Are to Return to Work

According to VR officials and counselors in the 10 states we surveyed, some changes might increase the number of SSDI beneficiaries who accept rehabilitation services and reenter the work force. Some suggestions were made regarding the timing of VR services for SSDI claimants and SSA's reimbursement of VR agencies for services to SSDI beneficiaries. However, many VR officials and counselors believed a significant change in SSDI rules involving work and entitlement to benefits is needed if more SSDI beneficiaries are to return to work. Beneficiaries who return to work should retain entitlement to SSDI benefits, reduced according to a sliding scale, and to Medicare coverage, the VR professionals believed. This would result in more SSDI beneficiaries working, they believed, with ultimate savings to the Social Security Trust Funds.

Some Improvements Possible Within Current System

Individuals who have just gone through the experience of convincing SSA of their total disability are not very receptive to offers of rehabilitation, a number of VR counselors and officials commented. Persons referred by DDSs often need medical or psychiatric treatment to stabilize their conditions before a VR counselor can reasonably discuss vocational rehabilitation with them, we were told. If, after initial contact, VR counselors abandon efforts to work with these persons, later opportunities to help them might be lost. Ohio's director of vocational rehabilitation suggested that, if a counselor thought a referred person might be receptive to services after a period of treatment, the file should be held for recontact at a later date.

VR agencies' efforts to involve SSDI beneficiaries in their programs declined when SSA funding of rehabilitation dropped sharply under the 1981 reimbursement legislation, as we reported earlier this year.[1] The agencies became more cautious about accepting SSDI beneficiaries in their programs, VR officials said, because of the low success rate of beneficiaries and the uncertainty of getting SSA reimbursement for the cost of VR services. Modification of the law to increase the likelihood of obtaining SSA reimbursement was suggested by a number of VR officials.

[1]Social Security: State Vocational Rehabilitation Agencies' Reimbursement for the Disabled (GAO/HRD-87-36BR, Feb. 3, 1987).

Current Work Incentive Provisions Helpful but May Be Inadequate

In 1980, the Congress amended the Social Security Act to provide additional incentives to disabled beneficiaries contemplating a return to work. Two key provisions were (1) extension of Medicare coverage for up to 3 years after a person's cash benefits end and (2) establishment of an extended period of eligibility (15 months after the trial work period ends) during which a person may stop working and resume benefit status without reapplying.

These provisions, along with the trial work period, the VR counselors in our survey said, have acted as incentives for SSDI clients to return to work. Over 90 percent of counselors responding said the provisions act as incentives, and over half said they are great incentives. In their comments, however, a number of counselors pointed out that these provisions are useful primarily as transitional assistance to a beneficiary who intends to return to work. The incentives are unlikely, the counselors said, to motivate beneficiaries not strongly inclined to work.

Alternative: A Sliding Benefit Scale

In our 1976 report, we suggested that the Congress consider the feasibility of establishing a formula method to reduce disabled beneficiaries' monthly benefits according to their demonstrated earnings capacity. In 1979, the Council of State Administrators of Vocational Rehabilitation proposed eliminating the trial work period and modifying the SGA concept with a system that would reduce a person's SSDI or SSI benefits by $1 for every $2 of "take home pay" a disabled beneficiary earned above the SGA level. The council believed that net savings would accrue to the Trust Funds through both reduced benefit payments and increased payroll taxes, while disabled individuals would be able to improve their economic situations by working.

In 1980, Berkeley Planning Associates, a consulting firm commissioned by the former Department of Health, Education, and Welfare to study the beneficiary rehabilitation programs, concluded that the "either or" nature of the SSDI program (receive benefits or work) was a barrier to working by beneficiaries who could work at some level. The study proposed the reduced-benefit approach and recommended that demonstration projects be carried out to test revisions of the benefit structure. In the 1980 amendments, the Congress directed the Secretary of Health and Human Services to develop and carry out demonstration projects on, among other things, "alternative methods of treating the work activity of disabled beneficiaries . . . including such methods as a reduction in benefits based on earnings. . . ." (Public Law 96-265, sec. 505(a)(1)). The Secretary was given authority to waive requirements of the Social

Security Act as necessary to facilitate the projects. Although SSA made tentative plans for a demonstration of the reduced-benefit concept, no specific project was approved. SSA was concerned, an SSA official told us, that some people who could qualify for disability benefits except for the fact that they were working would file an application if they could supplement their income with partial SSDI benefits. This would be one issue addressed in any study of the concept.

Another important question to be answered by a study is whether enough beneficiaries would take advantage of a sliding benefit scale to produce significant savings for the Trust Funds. About 2.7 million disabled workers and about 1.3 million family members were on the SSDI benefit rolls in September 1986. The average household benefit was about $6,550 per year. Feasible rehabilitation candidates constitute no more than 10 to 15 percent of all beneficiaries, we have estimated. If 5 percent of disabled workers in any given year were taking advantage of the sliding scale, about 135,000 persons would be doing some work despite their impairments.

Both adopting a sliding benefit scale for working beneficiaries and indefinitely extending Medicare coverage would result in more beneficiaries attempting to work, according to over 90 percent of VR counselors we surveyed (see table 5.1). But if enacted together, they said, these reforms would have a greater impact. When asked whether they would personally favor such reforms, 66 percent of the counselors favored a sliding benefit scale and about 80 percent favored extending Medicare benefits indefinitely.

Table 5.1: VR Counselors' Opinions of How SSDI Beneficiaries Would Respond to Potential Changes in SSDI Program

Suggested changes (benefits extended indefinitely)	Proportion of SSDI beneficiaries who would attempt to work (percent of counselors responding)				
	Considerably more	More	About as many	Fewer	Considerably fewer
Reduced cash benefits alone	23 8	54 8	17 4	2 7	1 3
Medicare coverage alone	25 0	51 7	19 9	2 4	1 0
Both	64 9	26 1	6 8	1 0	1 1

Source: GAO's questionnaire to VR counselors in 10 states

Conclusions

The VR counselors we surveyed believed that current SSDI work incentives are useful to those beneficiaries who decide they want to try working. However, very few beneficiaries have returned to work under the current structure of work rules and benefits. This may not change as

long as beneficiaries essentially are given a choice between working and retaining their SSDI and Medicare benefits.

VR officials and counselors widely believe that more beneficiaries would attempt to work if they could (1) continue receiving benefits on a sliding scale according to their earned income and (2) retain their Medicare coverage. This idea has been discussed for a number of years. In our 1976 report, we recommended that the Congress consider the feasibility of reduced benefits for disabled beneficiaries who return to work. Although SSA has not studied the issue, it is concerned that persons who meet the medical disability criteria but have not applied for benefits would file applications if they could supplement their income with reduced benefits.

Matter for Congressional Consideration

The number of beneficiaries who return to work possibly could be increased through some changes in the benefit payment structure. If the Subcommittee wishes to explore this option, it could direct SSA to carry out a demonstration project that uses a sliding benefit scale as authorized by the Social Security Disability Amendments of 1980.

HHS Comments

In its September 17, 1987, comments, HHS stated that vocational rehabilitation has been a priority workload at SSA and the Department's efforts have been aimed at improving claims reimbursement and encouraging greater state agency outreach activity. HHS stated that a Disability Advisory Council, appointed by the Secretary of HHS, has been studying the effectiveness of VR services for SSDI beneficiaries. HHS noted that much of the information the council received is consistent with the findings in this report. HHS expects the council to summarize its findings and present its recommendations later this year.

HHS described actions being taken regarding its research demonstration program (see app. VI), rehabilitation claim reimbursement, and state agency outreach efforts.

In its comments, HHS did not address the proposal that the Subcommittee consider directing SSA to carry out a demonstration project using a sliding benefit scale. HHS stated that SSA was planning several internally managed tests of enhanced work incentives. The thrust of HHS's comments is positive, but it still is unclear whether HHS intends to carry out the demonstration project we are proposing for congressional consideration.

VR Services for Persons Denied SSDI Benefits

State disability examiners may refer to vocational rehabilitation those persons who do not meet the medical and vocational criteria for receiving SSDI benefits. As was the case with persons allowed benefits, the 10 states in our review varied substantially in the percentage of denied cases referred to the rehabilitation agencies (see table I.1). Overall, the states referred 12 percent of denied cases to VR, ranging from 1.3 percent in Connecticut to 56 percent in South Carolina.

Table I.1: Denied 1983 Claimants Referred to VR in 10 States

	Denied claimants referred to VR		
State	No. of denials	No. of referrals	Percent referred
California[a]			
Connecticut	2 238	29	1 3
Illinois	20 514	708	3 4
Kentucky	8 432	546	6 5
New Jersey	10.687	202	1 9
Ohio	15 809	2 353	14 9
Pennsylvania	20 360	3 521	17 3
South Carolina	6 785	3 792	55 9
Texas	22 250	1 079	4 9
Wisconsin	5 213	1 053	20 2
Composite	112.288	13.283	11 8

Source GAO s computer analysis of 1983 SSDI claimants

[a]California was excluded from this table because of data reliability questions

As was the case for persons allowed benefits, a number of those denied had experiences with vocational rehabilitation before their SSDI claims were adjudicated. Overall, 16 percent of the denials had some case history at the state VR agency. Of these, 20 percent were closed before the disability decision, 35 percent were ongoing at the time of the decision, and 45 percent were opened after the decision. A large number, 90 percent, of the denied persons with a VR experience were first referred by a source other than the state DDS.

The 10 states also differed in the proportion of denied SSDI claimants who received some services from a VR agency (regardless of the source of referral). The differences were not so great, however, as with the rates of DDS referral. The proportion of denied claimants who had received some VR services ranged from a low of 11.4 percent (Illinois) to a high of 29.2 percent (Wisconsin), as table I.2 shows.

Table I.2: VR Experience of Denied 1983 Claimants in 10 States, by Type of Agency

State	Percent of denied claimants who received VR		
	General VR agency	VR agency for the blind	Total
California	11.9	0.4	12.3
Connecticut	18.6	N/A	N/A
Illinois	10.8	0.6	11.4
Kentucky	18.2	0.6	18.9
New Jersey	N/A	0.9	N/A
Ohio	13.8	1.1	14.9
Pennsylvania	19.1	N/A	N/A
South Carolina	24.1	0.6	24.7
Texas	18.3	2.1	20.4
Wisconsin	28.1	1.1	29.2
Composite	15.6	0.9	15.9

Source: GAO's computer analysis of 1983 SSDI claimants. Data were incomplete for Connecticut, New Jersey, and Pennsylvania.

Some VR officials believe that claimants who are initially denied benefits are poor candidates for rehabilitation because they do not want to compromise their prospects for appeal by working or training for work. Many such claimants continue to press their cases on appeal.

GAO Survey of VR Counselors

/__/__/__/__/
(1-4)
01(5-6)

U.S. GENERAL ACCOUNTING OFFICE
SURVEY OF VOCATIONAL REHABILITATION COUNSELORS

INTRODUCTION

The following questionnaire is part of a U.S. General Accounting Office study of participation in vocational rehabilitation (VR) programs by disabled workers receiving Social Security Disability Insurance (SSDI) benefits. We are interested in your opinions based on your observations and experience as a VR counselor. In answering the questionnaire, we would like you to think about disabled wage earners who are receiving SSDI benefits rather than about disabled persons receiving Supplemental Security Income (SSI) benefits. We would also like you to focus on disabled wage earners rather than disabled widows or disabled children.

The information you provide will be kept confidential. In our report your responses will be summarized with those of all others. If you have any questions, please call Ken Libbey collect at (513) 684-2105. In the event the return envelope is misplaced, return the questionnaire to:

Ken Libbey
U.S. General Accounting Office
550 Main Street, Room 8112
Cincinnati, OH 45202

Thank you for your help.

1. VR COUNSELOR EXPERIENCE

1. Please indicate below the number of years you have worked as a VR counselor. (ENTER NUMBER.) (7-8)

_____ years

2. In about how many of the years you've worked as a VR counselor, has your caseload (status 00-24) included SSDI beneficiaries? (ENTER NUMBER. IF NONE, ENTER "0".) (9-10)

_____ years ► (IF "0" STOP HERE AND RETURN THIS QUESTIONNAIRE. YOU NEED NOT ANSWER THE REMAINING QUESTIONS. IT IS IMPORTANT, HOWEVER TO RETURN THIS QUESTIONNAIRE.)

3. Have you had any SSDI beneficiaries in your caseload since January 1, 1984? (11)

1. [ ] Yes ► (CONTINUE)

2. [ ] No ► (SKIP TO SECTION II.)

4. How many *VR clients (status 00-24) do you* currently have in your caseload? (ENTER NUMBER.) (12-14)

_____ VR clients

5. How many SSDI beneficiaries (status 00-24) do you currently have in your caseload? (ENTER NUMBER. IF NONE, ENTER "0".) (15-17)

_____ VR clients are SSDI beneficiaries
► (IF "0", SKIP TO QUESTION 7.)

6. About how many of these SSDI beneficiaires (status 00-24) were referred to VR by the state disability determination unit? (ENTER NUMBER, IF NONE, ENTER "0".) (18-20)

_____ VR clients are SSDI beneficiaries referred by the state DDU

7. Do you handle a general VR caseload, or is it specialized in some way? (CHECK ONE.) (21)

1. [ ] General VR caseload

2. [ ] Specialized caseload (PLEASE DESCRIBE.)

_____

_____

_____

II. CONTACTING SSDI REFERRALS

Questions in this section as well as in sections III through V relate to all SSDI beneficiaries referred to your VR agency regardless of who referred them (SSDI referrals).

8. Do you usually make the initial attempt to contact an SSDI referral to discuss VR or does your office make this attempt to contact? (CHECK ONE.) (22)

   1. [ ] I make the initial attempt to contact ► (CONTINUE.)

   2. [ ] Office makes the initial attempt to contact ► (SKIP TO SECTION III.)

9. In most cases, how many attempts do you make to contact SSDI referrals before abandoning the effort? (ENTER NUMBER.) (23)

   _____ attempts usually made

10. In most cases, how do you (initially) attempt to contact SSDI referrals? (CHECK ONE.) (24)

    1. [ ] By letter

    2. [ ] By phone

    3. [ ] In person

    4. [ ] Other (SPECIFY.) _____

11. In most cases, how do you make follow-up attempts to contact SSDI referrals? (CHECK ONE.) (25)

    1. [ ] By letter

    2. [ ] By phone

    3. [ ] In person

    4. [ ] Other (SPECIFY.) _____

III. REASONS WHY SSDI REFERRALS DON'T PARTICIPATE/PARTICIPATE IN VR

12. Listed below are several possible reasons why SSDI referrals might choose not to participate in vocational rehabilitation. (A person might have more than one reason.) In your opinion, how many of the SSDI referrals who do not choose to participate are influenced by each of the following reasons? (CHECK ONE BOX FOR EACH REASON.)

UNDERLYING REASON:	INFLUENCES: Few, if any SSDI referrals (0-10%) 1	Some SSDI referrals (11-40%) 2	About half the SSDI referrals (41-60%) 3	Many SSDI referrals (61-90%) 4	All or most SSDI referrals (91-100%) 5	
1. They believe they are too disabled to work.						(26)
2. They don't want to risk losing SSDI benefits.						(27)
3. They don't want to risk losing Medicare coverage.						(28)
4. They don't believe they can get a job.						(29)
5. They would not be able to get back and forth from work.						(30)
6. They are better off economically staying on SSDI benefits.						(31)
7. Because of poor health, they have given up the idea of working.						(32)
8. They are depressed.						(33)
9. They have become accustomed to not working.						(34)
10. They have other income or financial support available to them.						(35)
11. Other (SPECIFY.)_____ _____						(36)

13. The reasons from question 12 are listed below again. In your opinion, which three are the most important reasons why the largest number of SSDI referrals choose not to participate in VR? Please rank the top 3 reasons by placing a 1, 2, or 3 on the appropriate line.

01.	They believe they are too disabled to work	_____ (37-38)
02.	They don't want to risk losing SSDI benefits	_____ (39-40)
03.	They don't want to risk losing Medicare coverage	_____ (41-42)
04.	They don't believe they can get a job	_____ (43-44)
05.	They would not be able to get back and forth from work	_____ (45-46)
06.	They are better off economically staying on SSDI benefits	_____ (47-48)
07.	Because of poor health they have given up the idea of working	_____ (49-50)
08.	They are depressed	_____ (51-52)
09.	They have become accustomed to not working	_____ (53-54)
10.	They have other income or financial support available to them	_____ (55-56)
11.	Other (PLEASE SPECIFY.) _____	_____ (57-58)

_____

_____

14. Some SSDI referrals agree to participate in VR programs. Listed below are several possible reasons for their decision. (A person might have more than one reason.) In your opinion, how many of the SSDI referrals who decide to participate are influenced by each of the following reasons? (CHECK ONE BOX FOR EACH REASON.)

REASON:	INFLUENCES: Few, if any SSDI referrals (0-10%) 1	Some SSDI referrals (11-40%) 2	About half the SSDI referrals (41-60%) 3	Many SSDI referrals (61-90%) 4	All or most SSDI referrals (91-100%) 5	
1. They believe they can earn more money working than on SSDI benefits.						59
2. They are young and feel they have some future in the workforce.						60
3. They are afraid they will lose their benefits if they do not participate.						61
4. They are interested in upgrading their education or training.						62
5. They are determined to overcome their handicap.						63
6. Working is an important part of their lifestyle.						64
7. They don't want to be on "welfare" or "the dole".						65
8. They feel that others expect them to work.						66
9. Other SPECIFY: _____ _____						67

Dup 1-4
02 5-6

15. The reasons from question 14 are listed below again. In your opinion, which three are the most important reasons why the largest number of SSDI referrals choose to participate in VR? *Please rank the top three reasons by placing a 1, 2, or 3 on the appropriate line.*

1. They believe they can earn more money working than on SSDI benefits. ____ (7)
2. They are young and feel they have some future in the workforce. ____ (8)
3. They are afraid they will lose their benefits if they do not participate. ____ (9)
4. They are interested in upgrading their education or training. ____ (10)
5. They are determined to overcome their handicap. ____ (11)
6. Working is an important part of their lifestyle. ____ (12)
7. They don't want to be on "welfare" or "the dole". ____ (13)
8. They feel that others expect them to work. ____ (14)
9. Other (PLEASE SPECIFY.) _____ ____ (15)

_____

IV. SSA RULE REGARDING COOPERATION WITH VR AGENCIES

16. According to current Social Security Administration (SSA) rules, SSDI beneficiaries are expected to cooperate with the VR agency or risk loss of their benefits. In your opinion, should this rule be continued or eliminated? (CHECK ONE.) (16)

1. [ ] Continued► (ANSWER QUESTION 17.)
2. [ ] Eliminated►(SKIP TO QUESTION 18.)
3. [ ] Undecided► (SKIP TO QUESTION 19.)

17. If you believe the rule should be continued, what is your *reason*? (CHECK ALL YOU AGREE WITH.)

1. [ ] The rule should be continued on *principle.*►(SKIP TO QUESTION 19.) (17)
2. [ ] The rule should be continued because it causes some SSDI beneficiaries to participate in VR. (18)
   ►(SKIP TO QUESTION 19.)
3. [ ] Other reason (SPECIFY.) _____(19)

_____
►(SKIP TO QUESTION 19.)

18. If you believe the rule should be eliminated, what is your reason? (CHECK ALL YOU AGREE WITH.)

1. [ ] The rule should be discontinued because it is not enforced. (20)
2. [ ] The rule should be discontinued because SSDI beneficiaries should voluntarily participate in VR. (21)
3. [ ] The rule should be discontinued because it gives SSDI beneficiaries a negative impression of VR. (22)
4. [ ] Other reason (SPECIFY.) _____(23)

_____

19. In general, what impact, if any, would you say this rule has on an SSDI referral's decision whether or not to participate in VR? (CHECK ONE.) (24)

1. [ ] Greatly encourages participation
2. [ ] Somewhat encourages participation
3. [ ] Little or no impact
4. [ ] Somewhat discourages participation
5. [ ] Greatly discourages participation

V. COMPARING SSDI BENEFICIARIES TO ALL OTHER VR REFERRALS

Questions in this section ask you to compare SSDI beneficiaries referred to VR regardless of referral source (SSDI referrals), to other (non SSDI beneficiary) VR referrals.

20. In general, would you say SSDI referrals are younger than, about the same age as, or older than other VR referrals? (CHECK ONE.) (25)

1. [ ] SSDI referrals are much younger than other VR referrals.
2. [ ] SSDI referrals are somewhat younger than other VR referrals.
3. [ ] SSDI referrals are about the same age as other VR referrals.
4. [ ] SSDI referrals are somewhat older than other VR referrals.
5. [ ] SSDI referrals are much older than other VR referrals.

21. In general, would you say SSDI referrals are more educated than, about as educated as, or less educated than other VR referrals? (CHECK ONE.) (26)

1. [ ] SSDI referrals are far more educated than other VR referrals.
2. [ ] SSDI referrals are somewhat more educated than other VR referrals.
3. [ ] SSDI referrals are about as educated as other VR referrals.
4. [ ] SSDI referrals are somewhat less educated than other VR referrals.
5. [ ] SSDI referrals are far less educated than other VR referrals.

22. In general, would you say SSDI referrals are more disabled than, about as disabled as, or less disabled than other VR referrals? (CHECK ONE.) (27)

1. [ ] SSDI referrals are far more disabled than other VR referrals.
2. [ ] SSDI referrals are somewhat more disabled than other VR referrals.
3. [ ] SSDI referrals are about as disabled as other VR referrals.
4. [ ] SSDI referrals are somewhat less disabled than other VR referrals.
5. [ ] SSDI referrals are far less disabled than other VR referrals.

23. In general, would you say SSDI referrals are more motivated than, about as motivated as, or less motivated than other VR referrals to participate in VR? (CHECK ONE.) (28)

1. [ ] SSDI referrals are far more motivated than other VR referrals.
2. [ ] SSDI referrals are somewhat more motivated than other VR referrals.
3. [ ] SSDI referrals are about as motivated as other VR referrals.
4. [ ] SSDI referrals are somewhat less motivated than other VR referrals.
5. [ ] SSDI referrals are far less motivated than other VR referrals.

VI. SSDI BENEFICIARIES REFERRED BY STATE DISABILITY DETERMINATION UNITS

Question 24 relates only to SSDI beneficiaries referred to VR by the State disability determination unit.

24. In your opinion, about what *proportion* of beneficiaires referred by the state disability determination unit are reasonably good candidates for VR (whether they eventually go back to work or not)? (ENTER PERCENT. IF NONE, ENTER "0".) (29-31)

_____ percent are reasonably good VR candidates

VII. CHARACTERISTICS OF SSDI CLIENTS

Questions 25 through 27 ask you to compare VR *clients receiving* SSDI benefits regardless of who referred them (SSDI clients) to VR clients not *receiving* SSDI *benefits* (other VR clients).

25. On average, would you say working with an SSDI client takes *more*, *about the same*, or *less* of the counselor's time than working with other VR clients? CHECK ONE.) (32)

1. [ ] SSDI clients take much more time than other VR clients
2. [ ] SSDI clients take somewhat more time than other VR clients
3. [ ] SSDI clients take about the same time as other VR clients
4. [ ] SSDI clients take somewhat less time than other VR clients
5. [ ] SSDI clients take much less time than other VR clients

26. In general, would you say SSDI clients require more expensive, about as expensive, or less expensive VR services than other VR clients? (CHECK ONE.) (33)

1. [ ] SSDI clients require much more expensive services than other VR clients
2. [ ] SSDI clients require *somewhat more* expensive services than other VR clients
3. [ ] SSDI clients require about as expensive services as other VR clients
4. [ ] SSDI clients require somewhat less expensive services than other VR clients
5. [ ] SSDI clients require much less expensive services than other VR clients

27. In general, would you say SSDI clients are more likely to succeed than, about as likely to succeed as, or less likely to succeed than other VR clients? (CHECK ONE.) (34)

1. [ ] SSDI clients are much more likely to succeed than other VR clients.
2. [ ] SSDI *clients are somewhat* more likely to succeed than other VR clients.
3. [ ] SSDI clients are about as likely to succeed as *other VR clients*.
4. [ ] SSDI clients are somewhat less likely to succeed than other VR clients.
5. [ ] SSDI clients are much less likely to succeed than other VR clients.

VIII. VR AGENCY PRACTICE REGARDING SSDI BENEFICIARIES

Questions 28 through 31 apply to all SSDI beneficiaries referred to your agency.

28. Do you perceive that your agency provides any special incentives to counselors and/or local offices to work with SSDI beneficiaries? (35)

1. [ ] Yes

2. [ ] No

COMMENTS, IF ANY: _____

_____

29. Did you begin working as a VR counselor for your current agency prior to October 1, 1981? (36)

1. [ ] Yes ► (CONTINUE.)

2. [ ] No ► (SKIP TO SECTION IX.)

30. Did you have any experience working with SSDI beneficiaries in your agency prior to October 1, 1981? (37)

1. [ ] Yes ► (CONTINUE.)

2. [ ] No ► (SKIP TO SECTION IX.)

31. On October 1, 1981, the Congress changed the way Social Security pays VR agencies for their services to SSDI beneficiaries. Since that change, SSA will only reimburse VR agencies for their cost of rehabilitating beneficiaries who return to work at the SGA level for nine months. Since this change, when your agency now evaluates the suitability of SSDI beneficiaries for VR services, does it consider employment prospects more carefully than, about as carefully as, or less carefully than it did before the change? (CHECK ONE.) (38)

1. [ ] Far more carefully now

2. [ ] Somewhat more carefully now

3. [ ] About as carefully now

4. [ ] Somewhat less carefully now

5. [ ] Far less carefully now

6. [ ] Can't determine - not enough experience prior to and/or since October 1, 1981 to judge

IX. SSDI PROGRAM PROVISIONS

32. Consider all SSDI clients you've interviewed. In your estimation, about what percent could expect to do better, about the same, or worse economically by returning to work rather than staying on SSDI benefits? (Consider the dollar amount of benefits as well as Medicare coverage, compared to the job opportunities, employment benefits and income they could expect after rehabilitation. (ENTER PERCENT FOR EACH. IF NONE, ENTER "0".)

_____ percent would do better economically returning to work (39-41)

_____ percent would do about the same economically returning to work (42-44)

_____ percent would do worse economically returning to work (45-47)

100 percent

33. Listed below are three provisions of the SSDI program. They are the trial work period, extended Medicare coverage after returning to work, and extended eligibility for automatic reinstatement of benefits if a person has to stop working again. In your opinion, does each provision act as a great, moderate or little or no incentive for SSDI clients to try to return to work? (CHECK ONE BOX FOR EACH ROW.)

	A great incentive	Some incentive	Little or no incentive	
	1	2	3	
1. Trial work period				(48)
2. Extended Medicare eligibility				(49)
3. Extended period of eligibility for automatic reinstatement of benefits				(50)

COMMENTS, IF ANY: _____

_____

34. Suppose current SSA law were changed to offer beneficiaries who return to work reduced cash benefits indefinitely on a sliding scale according to earned income, and/or indefinitely extended Medicare coverage. In your opinion, would more, about the same number, or fewer beneficiaries attempt to work as a result of each? (CHECK ONE BOX FOR EACH.)

	then . . .					
If SSDI beneficiaries were offered:	Considerably more would attempt to work	More would attempt to work	About as many would attempt to work	Fewer would attempt to work	Considerably fewer would attempt to work	
	1	2	3	4	5	
1. Indefinitely extended, reduced cash benefits, alone						(51)
2. Indefinitely extented Medicare coverage, alone						(52)
3. Both indefinitely extended reduced cash benefits and Medicare coverage						(53)

35. Indicate whether or not you favor making each of the following changes in the SSDI program. (CHECK ONE BOX FOR EACH CHANGE.)

	Yes (1)	Undecided (2)	No (3)	
1. Indefinitely extending reduced cash benefits				(54)
2. Indefinitely extending Medicare coverage				(55)

36. If there are any other changes to the SSDI program or to VR rules and procedures that you believe would increase successful participation in VR by SSDI beneficiaries, please comment below. Attach additional sheets if needed.

Responses to GAO Questionnaire to VR Counselors

In May 1986, we sent copies of the questionnaire reproduced in appendix II to all vocational rehabilitation counselors in our 10 study states who had at least 2 years of counseling experience. The results can be summarized as follows.

Response to Questionnaires		
Number mailed	2,098	
Number returned	1,965	
Retired, left employment, or not a regular counselor	93	
Did not meet minimum experience requirements	51	
Valid responses	1,721	
I. VR Counselor Experience		
Average number of years as a counselor	11.8	
Average number of years working with SSDI clients	10.6	
Worked with SSDI clients since January 1, 1984		
Yes	1,634	(94.9%)
No	75	(4.4%)
No response	12	(0.2%)
Total responses	**1,709**	

Counselor's caseload	**General VR counselors (average no.)**	**No. of responses**	**VR counselors for the blind (average no.)**	**No. of responses**
Size of caseload	120.9	1,467	97.9	156
SSDI beneficiaries on caseload	11.7	1,448	20.5	149
SSDI beneficiaries referred by state DDS	4.3	1,440	12.9	150

II. Contacting SSDI Referrals

Attempts to contact SSDI referrals	General VR counselors	VR counselors for the blind	No. of responses
Attempts made to contact (avg. no.)	2.4	2.9	1,377
Method of initial contact (percent)			1,392
Letter	68.6	50.0	
Phone	18.1	25.0	
In person	4.9	14.7	
Varied	7.6	9.6	
Other	0.8	0.7	
Method of follow-up contact (percent)			1,355
Letter	54.1	30.6	
Phone	35.5	32.1	
In person	7.8	21.6	
Varied	11.6	14.9	
Other	0.9	0.8	

III. Reasons SSDI Referrals Do/Do Not Participate in Vocational Rehabilitation (VR Counselors' Perceptions)

	Distribution of SSDI referrals: Perceptions of General VR counselors (median response)					
Reasons for nonparticipation:	Few if any (0-10%)	Some (11-40%)	About half (41-60)	Many (61-90%)	All or most (91-100%)	No. of responses
1. Believed they are too disabled to work				•		1,515
2. Don't want to risk losing SSDI benefits				•		1,519
3. Don't want to risk losing Medicare coverage				•		1,516
4. Don't believe they can get a job			•			1,490
5. Would not be able to get back and forth from work		•				1,439
6. Are better off economically staying on SSDI benefits			•			1,500
7. Have given up the idea of working because of poor health			•			1,560
8. Are depressed		•				1,481
9. Have become accustomed to not working		•				1,436
10. Have other income or financial support available to them	•					1,481

Reasons for nonparticipation:	Distribution of SSDI referrals: perceptions of general VR counselors (median response)					
	Few if any (0-10%)	Some (11-40%)	About half (41-60)	Many (61-90%)	All or most (91-100%)	No. of responses
1. Believe they are too disabled to work			•			153
2. Don't want to risk losing SSDI benefits				•		157
3. Don't want to risk losing Medicare coverage			•			153
4. Don't believe they can get a job			•			149
5. Would not be able to get back and forth from work		•				152
6. Better off economically staying on SSDI benefits			•			150
7. Because of poor health, have given up the idea of working			•			150
8. Depressed	•	•				147
9. Have become accustomed to not working	•	•				149
10. Other income or financial support is available to them	•	•				148

Reasons for participation:	Distribution of SSDI referrals: perceptions of general VR counselors (median response)					
	Few if any (0-10%)	Some (11-40%)	About half (41-60)	Many (61-90%)	All or most (91-100%)	No. of responses
1. Believe they can earn more money working than on SSDI benefits		•				1,520
2. Are young and feel they have some future in the workforce			•			1,523
3. Are afraid they will loose their benefits if they do not participate		•				1,508
4. Are interested in upgrading their work or training		•				1,516
5. Are determined to overcome their handicap		•				1,511
6. Regard working as an important part of their lifestyle			•			1,521
7. Don't want to be on "welfare" or "the dole"		•				1,511
8. Feel that others expect them to work		•				1,503

Reasons for participation:	Distribution of SSDI referrals: perceptions of general VR counselors (median response)					
	Few if any (0-10%)	Some (11-40%)	About half (41-60)	Many (61-90%)	All or most (91-100%)	No. of responses
1 Believe they can earn more money working than on SSDI benefits		•				154
2 Are young and feel they have some future in the workforce			•			154
3 Are afraid they will lose their benefits if they do not participate		•				151
4 Are interested in upgrading their work or training		•				154
5 Are determined to overcome their handicap		•				151
6 Regard working as an important part of their lifestyle			•			154
7 Don't want to be on "welfare" or "the dole"		•				153
8 Feel that others expect them to work		•				150

IV. SSA Rule Regarding Beneficiary Cooperation With VR Agencies

Views regarding SSA rule	Percent of VR counselors in agreement		No. of responses
	General counselors	Counselors for the blind	
Continuation of rule			
Should be continued	50.9	52.3	1,696
Should be eliminated	31.9	34.2	
Undecided	17.3	13.6	
Reasons for continuing the rule			
On principle	34.5	34.6	854
Because it causes some beneficiaries to participate in VR	65.2	66.7	
Other	13.6	13.6	
Reasons for eliminating the rule			
Because it is not enforced	30.3	37.8	542
Because VR participation should be voluntary	65.9	69.8	
Because it gives beneficiaries a negative impression of VR	46.4	50.9	
Other	21.7	35.9	
Impact of rule on beneficiaries' decisions to participate in VR			
Greatly encourages participation	14.9	10.3	1,556
Somewhat encourages participation	47.6	46.6	
Little or no impact	29.9	33.6	
Somewhat discourages participation	5.3	6.9	
Greatly discourages participation	2.3	2.7	

V. Comparing SSDI Beneficiaries With All Other VR Referrals

Characteristics of SSDI referrals compared with other referrals	Percent of VR counselors in agreement: General VR counselors	Counselors for the blind	No. of responses
Age			
Much younger	0.5	0.0	1,701
Somewhat younger	3.7	12.1	
About the same age	45.9	38.9	
Somewhat older	45.0	42.7	
Much older	5.0	6.4	
Education			
Far more educated	0.4	1.3	1,703
Somewhat more educated	10.9	22.9	
About as educated	63.1	58.0	
Somewhat less educated	22.6	15.9	
Far less educated	3.0	1.9	
Disabilities			
Far more disabled	31.9	15.3	1,704
Somewhat more disabled	46.5	44.6	
About as disabled	19.3	38.2	
Somewhat less disabled	2.1	1.9	
Far less disabled	0.3	0.0	
Motivation			
Far more motivated	0.7	1.3	1,702
Somewhat more motivated	5.8	7.6	
About as motivated	25.2	33.1	
Somewhat less motivated	49.6	42.0	
Far less motivated	18.6	15.9	

VI. SSDI Beneficiaries Referred by State Disability Determination Services

	Average response from VR counselors (percent): General VR counselors	Counselors for the blind	No. of responses from: General VR counselors	Counselors for the blind
Proportion of state DDS referrals considered reasonably good candidates for VR	24.8	37.4	1,423	154

VII. Characteristics of SSDI Clients

Characteristic of SSDI beneficiaries compared with non-SSDI VR clients	Percent of VR counselors in agreement		No. of responses
	General counselors	Counselors for the blind	
Time needed to work with			
Take much more time	28.1	19.8	1,703
Take somewhat more time	42.5	36.9	
Take about the same time	27.6	39.5	
Take somewhat less time	1.6	3.8	
Take much less time	0.3	0.0	
Expense of services needed			
Require much more expensive services	20.6	8.3	1,702
Require somewhat more expensive services	42.0	39.5	
Require about as expensive services	33.3	46.5	
Require somewhat less expensive services	3.8	5.1	
Require much less expensive services	0.3	0.6	
Likelihood of client succeeding			
Are much more likely to succeed	0.5	1.3	1,699
Somewhat more likely to succeed	4.8	16.6	
About as likely to succeed	26.7	36.9	
Somewhat less likely to succeed	52.5	37.6	
Much less likely to succeed	15.6	7.6	

VIII. VR Agency Practices Regarding SSDI Beneficiaries

Special Incentives for Counselors

State VR agency	Are counselors given special incentives to work with SSDI clients?			
	General counselors		Counselors for the blind	
	Yes	No	Yes	No
California	10	247	4	12
Connecticut	5	54	0	7
Illinois	11	140	0	11
Kentucky	60	30	13	0
New Jersey	8	81	3	12
Ohio	14	159	3	32
Pennsylvania	48	228	5	18
South Carolina	6	55	1	7
Texas	35	196	9	20
Wisconsin	9	134		N/A
No. of responses		1540		157

Consideration of Employment Prospects in Evaluating SSDI Beneficiaries for VR Services: Current Practice Compared With Practice Before 1981 Funding Change

	Percent of VR counselors in agreement		
How employment prospects are considered	General counselors	Counselors for the blind	No. of responses
Far more carefully now	8 3	8 3	1 458
Somewhat more carefully now	15 7	15 7	
About as carefully now	68 3	69 4	
Somewhat less carefully now	2 5	5 8	
Far less carefully now	0 9	0 0	
Cannot determine	4 2	0 8	

IX. SSDI Program Provisions

Economic Prospects of SSDI Beneficiaries Considered for VR Services

	Average response from VR counselors (percent)		
Economic prospects of SSDI beneficiaries interviewed	General counselors	Counselors for the blind	No. of responses
Would do better economically returning to work	29 0	31 2	1 405
Would do about the same economically returning to work	29 7	31 2	
Would do worse economically returning to work	41 4	37 5	

Current Incentives for Beneficiaries Considering a Return to Work

	Percent of VR counselors who believe it is			
Incentive to return to work	A great incentive	Some incentive	Little or no incentive	No. of responses
Views of general VR counselors				
Trial work period	52 7	41 3	6 0	1 534
Extended Medicare eligibility	57 0	38 0	5 0	1 527
Extended period of eligibility for reinstatement of benefits	56 7	35 8	7 6	1 527
Views of VR counselors for the blind				
Trial work period	64 8	30 1	5 1	156
Extended Medicare eligibility	51 0	34 9	14 2	155
Extended period of eligibility for reinstatement of benefits	50 3	35 5	14 2	155

Effects of Extending Cash and Medicare Benefits for SSDI Beneficiaries Who Resume Work

Views of VR counselors on extension of benefits	No. of beneficiaries who would attempt to work					No. of responses
	Considerably more	More	As many	Fewer	Considerably fewer	
General VR counselors						
Reduced cash benefits alone	23 4	55 2	17 4	2 8	1 3	1,485
Medicare coverage alone	25 7	51 9	19 1	2 5	0 8	1,485
Both	65 2	26 1	6 6	1 0	1 2	1,531
VR counselors for the blind						
Reduced cash benefits alone	27 6	51 3	17 1	2 0	2 0	152
Medicare coverage alone	17 8	50 7	27 0	1 3	3 3	152
Both	62 5	27 0	9 2	1 3	0 0	152

Should Cash and Medicare Benefits Be Extended for SSDI Beneficiaries Who Resume Work?

Views of VR counselors:	Percent of VR counselors in agreement			No. of responses
	Yes	No	Undecided	
General VR counselors				
Reduced cash benefits	66 1	21 7	12 1	1,514
Medicare coverage	81 4	12 8	5 8	1,524
VR counselors for the blind				
Reduced cash benefits	66 2	21 2	12 6	151
Medicare coverage	77 8	16 3	5 9	153

SSA Demonstration Projects

The Congress authorized SSA to conduct vocational rehabilitation demonstration projects under section 505 of the 1980 Disability Amendments (Public Law 96-265). SSA initiated only one SSI project under the section 505 authority before it expired. However, several projects were initiated using other research and demonstration funds. Section 505 authority, which was renewed in 1986, permits the Secretary of Health and Human Services to waive provisions of the Social Security Act for purposes of conducting demonstrations.

Following is a summary of SSA's demonstration projects as of February 1987.

Table IV.1: SSA Demonstration Projects

Grantee	FY funding 1984	1985	1986	1987	Purpose
1 University of California at Los Angeles, Los Angeles, CA	$216,479	$376,816	$622,365		To study, the [illegible] impairments [illegible] work. There are [illegible] the project
2 International Center for Industry, Labor and Rehabilitation, Columbus, OH	55,850	55,850			To develop demonstrate [illegible] model job placement [illegible] beneficiaries with [illegible] impairments [illegible] mental and orthopedic [illegible] been placed in jobs to date
3 Wisconsin Division of Vocational Rehabilitation, Madison, WI	23,200				To demonstrate the effectiveness [illegible] counselor contact for increasing [illegible] placements completing 9 months of substantial gainful activity, to identify postentitlement job problems and needed services and to identify more effective tracking methods. Twenty participants are now being followed
4 Mississippi Vocational Rehabilitation Services, Jackson, MS		40,000	37,053		To determine the effects that intensive training and supervision of VR counselors will have on the newly allowed SSDI beneficiaries placed in competitive employment and to test the benefits of offering VR services to beneficiaries who are about to experience a continuing disability review. To date, 32 persons have been placed in jobs

(continued)

Grantee	FY funding 1984	1985	1986	1987	Purpose
5 Maine Department of Human Services Augusta, ME		$20,769	0[a]		To increase by 25 percent the number of SSDI beneficiaries who return to competitive employment, promote beneficiary knowledge and use of existing work incentives, identify which work incentives, if any, play a part in the decision to return to work, identify beneficiary characteristics that have high correlation with the use of work incentives, and improve DDS/VR referral criteria. To date, 29 persons have been placed in jobs.
[illegible] Pennsylvania Office of Vocational Rehabilitation Harrisburg, PA		19,000	23,000		To test the effectiveness of providing of short-term (6 months) on-the-job training and a training stipend in increasing the number of SSDI beneficiaries placed in competitive employment. One person has been placed in a job to date, and 15 persons were in OJT during the grant period.
[illegible] Electronic Industries Foundation (EIF) Washington DC	$98,148	405,000	500,000	$515,000	To demonstrate the EIF program can be effective in placing SSDI beneficiaries in competitive employment, and encourage other Projects With Industry (PWI) projects to place SSDI beneficiaries. To date, 215 persons have been placed in jobs.
[illegible] Southwest Business Industry and Rehabilitation Association Phoenix, AZ		71,960	266,421		To demonstrate the effectiveness of the Association's job preparation and placement program in returning SSDI beneficiaries to competitive employment and to develop profile data that can be used in establishing a performance-based fee structure for more efficient financing of VR. To date, 23 persons have been placed in jobs.
[illegible] Washington Coalition of Citizens With Disabilities Seattle, WA		23,598	0[a]		To place SSDI beneficiaries in employment using peer support as well as other services such as job clubs, vocational testing, etc. Ten persons have been placed in competitive employment, 96 referrals have been made, and 18 people have been tested.
[illegible] Rappahannock Rehabilitation Facility, Inc. Fredricksburg, VA		35,041	39,234		To increase the level of awareness of SSA's work incentives and provide an employment placement service to SSDI beneficiaries. To date, 7 persons have been placed in jobs.
[illegible] Lower Merrimack Valley Service Delivery Area Lawrence, MA		44,000	0[a]		To provide an array of comprehensive evaluation counseling, job training, and employment services to increase the number of SSDI beneficiaries who return to work, also, to prepare a manual prescribing strategies for helping beneficiaries return to work. To date, 13 persons have been placed.

(continued)

Grantee	FY funding 1984	1985	1986	1987	Purpose
12 Menninger Foundation, Topeka, KS		$50,000	$55,000		To provide comprehensive vocational evaluation and placement services to SSDI beneficiaries and demonstrate that they can return to the labor force if given employment opportunities and support services compatible with their residual functional capacity, skills, and potential for vocational adjustment. During FY 1986, 25 SSDI beneficiaries were placed.
13 International Association of Machinists and Aerospace Workers, Washington, DC		450,000	370,000		To demonstrate the effectiveness of a PWI program sponsored by a major labor union; specifically to train and place SSDI beneficiaries in self-supporting jobs in the private sector. To date, 48 persons have been placed in jobs.
14 AHEDD, Inc., Lemoyne, PA, Association for Retarded Citizens, Monmouth County, NY		2,655,000	139,000		To measure the costs and effectiveness of transitional employment training for persons who are mentally retarded at the levels of severity that qualify for SSI and to demonstrate the relative effectiveness of various approaches to transitional employment training for this population. To date, 233 persons have been placed in jobs.
Goodwill Industries, Milwaukee Area, Inc., Milwaukee, WI					
The Center for the Rehabilitation and Training of the Disabled, Chicago, IL					
University of Washington, Seattle, WA, in cooperation with Portland Community College, Portland, OR					
Children's Hospital, Boston, MA, Exceptional Children's Foundation, Los Angeles, CA					
The University of Wisconsin, Stout, Menomonie, WI					

[a]No cost extension approved.

Confidence Limits for Data Projected From Samples of July/August 1985 Referrals

Table V.1: Confidence Limits for Table 3.3: Outcomes of Attempts by VR Agencies to Contact DDS Referrals (July and August 1985)[a]

	Referrals from	
	General VR counselors (Lower, upper)	**VR counselors for the blind (Lower, upper)**
Total nos. of referrals		
With prior VR history	(347,436)	(133,179)
Without prior VR history	(1092,1200)	(283,342)
Confidence levels (percents)		
Contact not attempted	(43.6,58.0)	(31.3,50.5)
Contact attempted	(44.3,58.6)	(50.0,76.3)
Claimant could not be located	(1.8,5.0)	(1.2,2.1)
Claimant did not respond	(5.8,10.3)	(9.1,17.3)
Claimant responded but was not interested	(14.4,22.9)	(19.0,33.2)
Claimant was interviewed but VR services were not pursued	(5.0,9.6)	(0.0,4.2
Claimant signed application for VR services	(10.2,17.5)	(14.0,24.4
VR services deferred	(0.6,2.3)	(1.8,6.0)
Claimant deceased	(0.2,1.6)	(0.3,4.9)
Still trying to contact	(0.2,1.3)	(1.2,6.7)
Other	(0.7,2.6)	(2.9,5.7

[a]Confidence limits were calculated at the 95 percent confidence level

Note: In 7 of the 10 states, the entire universe was used in our analysis. Therefore, confidence limits were calculated only for the 3 sampled states and for any combined state totals.

Table V.2: Confidence Limits for Table 4.2 DDS Referrals to VR in July and August 1985 and VR Agencies' Attempts to Contact Them

State	SSDI beneficiaries referred to VR	Percent of all beneficiaries	Confidence levels[a] for referrals: With a VR history	Without a VR history: General VR agencies: Total	General VR agencies: Contact attempted	VR agencies for the blind: Total	VR agencies for the blind: Contact attempted
Wisconsin	464	41 0	(122,165)	(289,332)	(85,124)	(4,18)	(0 5)
Pennsylvania	549	28 7	(59,97)	(401,448)	(247,302)	(33,64)	(25 53)
South Carolina[b]	155	22 4					
Kentucky[b]	120	17 5					
Ohio	259	12 7	(77,93)	(116,134)	(58,73)	(43,57)	(32 44)
Connecticut[b]	34	9 0					
Illinois[b]	146	7 9					
Texas[b]	137	5 9					
New Jersey[b]	67	5 2					
California[b]	74	2 2					
Totals	**2,005**	**12.8**	**(491,588)**	**(1092,1200)**	**(531,640)**	**(283,342)**	**(171,216)**

[a]Confidence limits were calculated at the 95-percent confidence level The first number given is the *lower limit* the second is the *upper limit*

[b]In these seven states the entire universe was used in our analysis Therefore, we calculated confidence limits for only the three sampled states and for combined state totals

Table V.3: Confidence Limits for Figure 4.2: What Happens to DDS Referrals? (Hypothetical 1,000 Cases)

	Estimated no.	Confidence limits[a]: Lower limit	Upper limit
Screened out not promising	45	41	48
Prior case not considered worth reopening	17	15	20
Already an active VR case	14	13	17
Contact not attempted	76	68	84
Contact attempted	52	48	55
Nonresponse	9	7	10
Response not interested	19	16	22
Miscellaneous nonparticipation	10	9	13
Application signed	14	12	17

[a]Confidence limits were calculated at the 95-percent confidence level for data projected from sampled states No limits could be calculated for data obtained by combining the July/August 1985 analysis with the 1983 state-type analysis

Comments From the Department of Health and Human Services

DEPARTMENT OF HEALTH & HUMAN SERVICES — Office of Inspector General

SEP 17 1987

Mr. Richard L. Fogel
Assistant Comptroller General
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Fogel:

The Secretary asked that I respond to your request for the Department's comments on your draft report, "Social Security: Rehabilitation - Little Success In the Disability Program." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

Richard P. Kusserow
Inspector General

COMMENTS OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES ON THE GENERAL ACCOUNTING OFFICE DRAFT REPORT, "SOCIAL SECURITY: REHABILITATION--LITTLE SUCCESS IN THE DISABILITY PROGRAM"

General

The vocational rehabilitation (VR) process has been a priority work load in the Social Security Administration (SSA) since Congress changed the method of funding in 1981. The Department efforts have been aimed at improving the process for VR claims reimbursement and at encouraging greater State agency outreach activity to address the needs of Social Security beneficiaries.

Disability Advisory Council Efforts

The Disability Advisory Council, appointed by the Secretary of Health and Human Services pursuant to Public Law 99-272, has undertaken a study of the effectiveness of VR services for disability insurance (DI) beneficiaries and supplemental security income (SSI) recipients. The Council has elicited testimony from witnesses representing public and private VR providers, consumers, and academicians on this matter. Much of the testimony the Council has received is consistent with what the General Accounting Office (GAO) has found. The Council will summarize its findings and present its recommendations to the Secretary later this year.

Research Demonstration Program

In addition to our efforts to encourage more State participation with SSA beneficiaries, we are embarking on a broad research demonstration program (RDP) to better identify rehabilitation candidates and the best methods to assist them.

We have already begun some demonstrations to address these needs in a limited way. They include demonstrations to test improvements in State VR operations (e.g., case management, intensive supervision and training, expanded on-the-job training, business internships, and postemployment tracking). Also, the demonstrations include testing selected approaches of nonprofit organizations specializing in placement of the disabled (e.g., a supported work project for mentally retarded SSI beneficiaries, a test of several projects with industry modes adapted for placing DI beneficiaries, test of a job club for psychiatrically impaired DI beneficiaries, and other tests). They include demonstrations with two for-profit VR firms. There is also a project to develop more effective strategies for communicating and marketing work incentives.

We believe the projects discussed above have shown that if more beneficiaries can be made aware of and have access to effective public and private sector assistance, more of them will be placed in gainful employment and come off the benefit payment rolls.

The Department is interested in building upon (not duplicating) what has already been learned. We want to improve beneficiary services, find new effective methods, work with the private sector, and keep costs to the minimum consistent with these goals.

The priorities listed in our new RDP focus primarily on employment assistance. This is because SSA is planning several internally managed tests of enhanced work incentives. However, in reviewing proposals to address the priority areas, SSA will consider proposed work incentive features that are potentially cost-effective and administratively feasible on a demonstration basis, and that are proposed in a way that their impact can be effectively measured.

Vocational Rehabilitation Claims Reimbursement

We are simplifying the administrative procedures that State agencies follow when claiming reimbursements for VR services provided to SSA beneficiaries. A simplified worksheet has enabled States to compute reimbursable costs much more quickly and accurately. Revised financial procedures, including new automated payment processes, have eliminated large backlogs of cases pending payment. With a new advance payment policy, these changes have reduced overall time for processing reimbursements significantly.

State Agency Outreach Efforts

With regard to our outreach efforts to State agencies, SSA activities include:

- Participation at national and regional vocational and rehabilitation meetings as well as with individual State agencies to promote the SSA VR program; and

- Development and publication of "A Summary Guide to Work Incentives" (copy shared with GAO auditors). This guide was restructured to enhance public understanding and use of the title II and title XVI work incentive provisions and has been very well received by advocacy groups and State agencies. The booklet is designed for use by professional workers (such as counselors, educators and advocates) in the public and private sector who work with the disabled public. It is also intended to enable people who continue to have disabling impairments to take full

advantage of the various work incentive provisions and therefore protect their entitlement to cash payments and/or their eligibility for Medicaid or Medicare.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